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Benefit From EU's Revised Trade Rule Delayed



Both India and Pakistan are expected to benefit from the scheme

Exporters will have to wait another month in order to benefit from the European Union's revised generalized system of preferences (GSP).

The EU had hoped its revised scheme would be operational from April 1, given that some improvements to the scheme have been designed to help countries hit by the December 26 Indian ocean wave or tsunami.

Meanwhile European and international trade unions, including the Brussels-based International Confederation of Free Trade Unions (ICFTU), have expressed their serious concern to the EU's trade supremo, Peter Mandelson, at reports that some EU countries

want to water down the GSP's provisions regarding the core labor standards of the International Labour Organization (ILO). These standards are designed to protect workers' rights.

The Indian members of the ICFTU are: Indian National Trade Union Congress (INTUC) and Hind Mazdoor Sabha (HMS).

Under the revised GSP scheme, developing countries can benefit from GSP-plus, provided they have ratified and implement 16 international conventions on labor and human rights. The trade unions

fear that EU governments now want to allow certain countries that have not ratified the eight fundamental ILO conventions to benefit nevertheless from GSP-plus. The country specifically mentioned in this connection is El Salvador.

EU governments must also resolve their differences over another key provision of the revised GSP scheme. Portugal, France and Belgium reportedly want to modify it in order to exclude India from GSP benefits for its textiles and clothing exports to the EU.

EU foreign ministers are expected to resolve their differences at their meeting later this month. If all goes well, the revised GSP scheme will come into operation on May 1, Labor Day.

India & Pakistan to benefit from GSP

India is a major beneficiary of the GSP scheme, under which exports to the 25-nation European Union (EU) from developing countries are allowed in duty-free or at reduced rates of customs duty.

EU governments are also faced with an amendment to the revised GSP scheme by the European Parliament (EP), which would allow Pakistan to benefit from GSP-plus. The amendment was proposed by Sajjad Karim, a Member of the European Parliament from the north-west of England. Karim is of Pakistani origin.

Pakistan's determined efforts to be granted GSP-plus are strongly supported by Sunil Prasad, president of the Brussels-based chapter of the Global Organization of People of Indian Origin (GOPIO). "India gains by supporting Pakistan, because a stable Pakistan is in India's interest," he told INEP.

Prasad brushed aside Indian fears that GSP-plus would benefit Pakistani exporters at the expense of Indian exporters, especially in garments. "India should disarm Sajjad Karim the Gandhian way," Prasad added.

INEP / dw staff (sb)