



# Harnessing Benefits of GSP Plus: Opportunities Challenges & Way Forward



Department of International Relations (R&D Cell)



The Federation of Pakistan  
Chambers of Commerce & Industry

وفاق ایوان ہائے تجارت و صنعت - پاکستان



ISO 9001: 2008 Certified Organization



# **Harnessing Benefits of GSP Plus: Opportunities Challenges & Way Forward**

**Department of International Relations (R&D Cell)  
Federation of Pakistan  
Chambers of Commerce & Industry (FPCCI)**

Federation House, Main Clifton, Karachi, Pakistan

Tel: 021-35873691 -94 Fax: 021-35874332

E-Mail : [dg.research@fpcci.com.pk](mailto:dg.research@fpcci.com.pk), [info@fpcci.com.pk](mailto:info@fpcci.com.pk)

URL: [www.fpcci.org.pk](http://www.fpcci.org.pk)





**THE INCREASING ROLE OF FPCCI IN CONTEMPORARY ECONOMIC  
DIPLOMACY AND INTERNATIONAL TRADE DYNAMICS**

Pakistan due to its global geographic position can be the conduit of a strong political and economic link of various regions to bring about change from zero-sum geopolitics to comprehensive co operational geo-economics. Pakistan being at the crossroads of South Asia, Central Asia, Middle East, Asia Pacific, in the southern Eurasian Periphery and in the vicinity of Europe in the west, Asia in the East and Middle East in the South can bring about a strong bond resulting in an atmosphere of peace and prosperity, economic and political integration and enhancement of trade, commerce and industrial activities resulting in reducing poverty through provision of jobs. This will result in a huge change in the global purchasing power which in turn will further boost industrial production and consumption resulting in a favorable and conflict free world.

Federation of Pakistan Chamber of Commerce & Industry (FPCCI) has played a pivotal role in the success of economic diplomacy of Pakistan. FPCCI'S multidimensional role can be ascertained from its engagement and propagation of its applicable research for resolving issues of trade, commerce and industry globally. FPCCI believes its responsibility to contribute in economic progress of the country and has always been doing advocacy for the image building of the country. Through lobbying at various important forums FPCCI delegations have successfully advocated the case of Pakistan for inflow of investment and trade enhancement. Meetings of foreign delegations and diplomats with FPCCI office bearers, reports and presentations prepared by FPCCI's research department, seminars and workshops on the important economic issues, fairs and exhibitions in Pakistan and abroad, and visits of FPCCI's representatives abroad have played a key role in creating a favorable environment for Pakistani economy.

Notable developments due to the activities FPCCI is the establishing of NTM desk in FPCCI head office. As policy makers and experts of international trade recognize that a quantum jump in the magnitude of non tariff measures (NTM) all over the world to restrict the imports has become a common tool after formation of WTO. South Asia is no exemption from this practice. In principle, NTMs include all measures, besides tariffs, which are used to protect domestic economic activity; they may be imposed or sponsored by government. NTMs are often utilized to reinforce the market restrictions imposed by tariffs. So in restricting market access, NTMs are much more important than tariffs. If main objective of trade restrictive measure is not based on moral grounds but primarily it is for the protection of domestic economic activity, it will be considered as an NTM. If this NTM is not for all trading partners but for a specific country, it will be considered as an NTB. The tools and types of non tariff barriers (NTBs) cannot be identified unless these are observed; these are changed from time to time and varied from market to market. In most of the cases such barriers may be invisible. To identify those invisible barriers is not a simple task. A regular investigation and monitoring is required to perform this task. Though, 'MFN' status provides simple and immediate solution of the 'NTBs' after their identification. However, a timely identification and action is the main problem to avoid from business losses. It is important to understand that at the multilateral level separate legal agreements on conditions for imposition of trade restrictive measures are designed under the WTO.

In addition, the WTO has a full-fledged dispute settlement body. In the absence of such support systems South Asia Free Trade Agreement (SAFTA) operates under several limitations. Many NTBs fail to get notified in the formal review process because of inadequate representation of industry organizations in the process. In the context, the role and scope of the national apex organizations need to be duly defined to identify the NTMs



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

and suggest their remedies. To solve this issue, the Working Group for Regional Trade Facilitation (WG-RTF) was established by the SAARC Trade Promotion Network (TPN). It is supported by the German International Development Cooperation (GIZ) with funds from the BMZ and co-financed by Australian Agency for International Development. On recommendation of the president FPCCI, the RTF-WG recommended a thorough study on the NTM/ NTBs to be undertaken which was approved and a complete study on this was awarded to MCCI which carried out the research on existing NTMs/ NTBs within each SAARC country and identified the same as a result thereof the RTF-WG has decided to undertake piloting of three NTM-Desks to be set up at three TPN partner organizations. FPCCI is one of those partner organizations. The purpose of NTM-Desks is to establish a sustainable mechanism for regular monitoring and reporting of NTMs in the SAARC region, and use the information as the basis of lobbying and advocacy for reduction and elimination of NTMs in the countries and in region. Eighty (80) percent cost of this desk will be financed by TPN.

Rice production in Pakistan holds an extremely important position in agriculture and in the national economy. It is the country's second most important crop which earns more than 2 billion dollars through export for country. Pakistan is the world's fourth largest producer of rice after China, India and Indonesia. The Indian policy on rice is directly affecting millions of Pakistani farmers who are already facing various challenges due to uncertain economic policies. Declining trend in rice export will lead to glut in domestic market and hamper the profitability in this business which will force the farmers to avoid cultivation of rice. This can lead to serious food insecurity in Pakistan.

Supporting India's tough stand at WTO on the food security issue, United Nations (UN) body for development of agriculture International Fund for Agriculture Development (IFAD) issued a policy statement by mentioning that ensuring food for its people is more important than creating jobs in certain other nations. According to IFAD, "Creating jobs for some other country, while people are still hungry, doesn't make sense. The bottom line is that every government has the responsibility to ensure that it can feed its own people."

After emphasize on the permission of subsidy to rice growers by Indian government, it was decided by WTO to allow agriculture subsidies for an interim period till Eleventh Ministerial Meeting. WTO has allowed this subsidy to all member countries in the name of food security through its circular on the 'Public Stockholding for Food Security Purposes on 6th December 2013. This circular mentioned the relevant clause of 'Marrakesh Agreement', which states that "Until a permanent solution is found, and provided that the conditions set out are met, Members shall refrain from challenging through the WTO Dispute Settlement".

It means that now Indian farmers will be in a position to supply their products at cheaper prices with the help of government financial support. Consequently, export of rice from India will be available at competitive prices in the international markets. Pakistani exporters will not be in a position to compete Indian exporters because government of Pakistan cannot provide subsidies to its growers –not because of WTO but because of IMF conditionality. As IMF agreement does not allow government to give any subsidy to its exporters. Moreover, because of growing fiscal deficit government of Pakistan cannot provide subsidies to the growers or exporters. It is astonishing that subsidies and transfer payment contribute 22 percent in Indian budget, while this contribution is only 8 percent in case of Pakistan, which is now further declining.

In this state of affairs, it was necessary to raise voice in favor of exporters. FPCCI has fulfilled its responsibility and hopes that government will be successful to realize its stand. It is notable that recent trends of trade statistics show the decline in the export of rice from Pakistan. In future it can hurt the other exports including textile and clothing products as cotton is the basic raw material of these products. Being the representative of Private Sector of Pakistan FPCCI has proposed of reviewing/re-negotiating with IMF



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

regarding withdrawal of subsidies from major segments of the economy in the light of this new scenario. FPCCI has submitted its case to the Ministry of Finance and Ministry of Commerce. We emphasize that government of Pakistan will have to take necessary steps to design its fiscal policy according to the political economy of the region, where provision of subsidies and active response against non-tariff measures (NTM) have become the most active tools of economic progress.

As the international prices of agricultural products is declining, but the export of rice from Pakistan is decreasing in term of quantity also. FPCCI has repeatedly informed the government and stakeholders about the subsidy on rice by Indian government in the name of food security. We have highlighted the consequences of Indian policy and its impacts on Pakistan's exports. FPCCI has informed the Ministry of Commerce, Ministry of Finance and stakeholders through various letters and Press Releases, but no action/reaction was taken from concerned departments as well as Ministry of Commerce. Millions of farmers relying on rice cultivation as their major source of employment. The Indian step is currently hurting directly millions of Pakistani farmers who are already facing various challenges due to past two consecutive floods in Pakistan. This may create serious food insecurity for Pakistan in future.

We have urged the Government of Pakistan to oppose the demand of subsidy by India from WTO which is highly trade distorting step. Being the member of WTO, Pakistan always supports Free Trade, liberalization and market competition. Pakistani exports will not be in a position to compete with Indian exporters because government of Pakistan cannot provide subsidies to the producers because of International Monetary Fund conditionality. We have been demanding the zero rated facility and other fiscal and administrative measures in favor of rice exporters. In May 2014, FPCCI has released a report on the 'Political Economy of Subsidies' where early warning has been issued about the declining trends in Pakistani exports. This report was sent to policy makers and all concerned departments.

One of the best examples where FPCCI have been lobbying to disseminate the national point of view is in achieving the GSP plus status in December 2013. Various delegations from European Union (EU) have visited FPCCI offices to know the problems of business community. FPCCI office bearers have always presented their point of view in favor of GSP plus. By various presentations and factual figures we succeeded to make them realize that how the absence of GSP plus status can increase poverty, unemployment terrorism and lawlessness in Pakistan.

The Economic Cooperation Organization (ECO) is one of the most important regional bloc of 10 Islamic countries including Pakistan, Iran, Turkey, Afghanistan, Azerbaijan, Kazakhstan, Turkmenistan, Kirgizstan, Uzbekistan and Tajikistan. ECO Chamber of Commerce and Industry is one of the important organs of Economic Cooperation Organization (ECO), which is an inter-governmental regional organization. ECO was originally established as Regional Cooperation for Development (RCD) in 1964 by Iran, Pakistan and Turkey for promoting sustainable socio-economic development of the member states. Then it was renamed 'ECO' and expanded to include Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. Pakistan, Iran and Turkey are the three founder members of ECO. The ECO Chamber of Commerce & Industry (ECO CCI) is one of the active regional trade bodies which emphasizes on the promotion of trade and strengthen economic relations amongst the ECO states.

Sustainable economic development of the member states through the progressive removal of trade barriers, promotion of intraregional trade, gradual integration of the member states' economies, development of transport and communications infrastructure linking the member states with each other and the outside world, economic liberalization and privatization, mobilization and utilization of ECO region's material resources, effective use of the agricultural and industrial potential of the region and strengthening of historical and cultural



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

ties among the peoples of the ECO region are included in the principles aims of Economic Cooperation Organization and its off shoot ECO CCI.

It is unfortunate that despite several efforts and agreements among the member countries the trade among the members has not increased, even a decline was observed in the last two years. It is noteworthy that about 3.5 billion of the total world population lives in the neighboring countries of ECO, but the share of the ECO region with the world is just 2%. Despite having 15 percent of the oil reserves and 24 percent of the gas reserves of the world, still are not able to fully utilize the capacity effectively and efficiently.

FPCCI has observed that despite several years of existence of ECO, many trade avenues have been explored but there are still various sectors un-explored. Azerbaijan, Iran, Kazakhstan and Turkmenistan are oil and gas producing and exporting countries while Pakistan and Turkey are oil importing countries. The Central Asian countries have significant potential for hydroelectric electric power and can supply it to Pakistan and Afghanistan who are facing shortage of energy. Tajikistan and Kyrgyz Republic have large untapped hydropower resources which can be explored and developed. Similarly, Pakistan and Kazakhstan are exporters of agricultural products like wheat, rice, fruits and vegetables while Iran and Turkey are importers of these agricultural commodities. ECO region can become a strong agricultural exporting block through regional co-operation in productivity enhancement.

The simplification of trade visa issuance, creating suitable facilities for opening L/C's through banking channel, collaborations and implementation of the ECOTA are the three sides of a triangle which can improve the economic situation of the region. Unfortunately despite the endorsement of some important agreements and the fact that more than a decade has passed over ratification of some particularly ECOTA and the visa simplification are still not implemented.

It is noteworthy that presidency and secretariat of ECO CCI has been shifted to Pakistan for next three years and now it is responsibility of Pakistan to promote the economic and trade relations among ECO countries. Since the start of the presidency, FPCCI has initiated concrete steps to consolidate trade and commercial activities. FPCCI has already launched establishment of a new building solely dedicated for ECO CCI. FPCCI has also launched multidimensional lobbying activities for inclusion of Kashmir as observer in ECO on the same pattern as the Turkish Republic of North Cyprus. As the China Pakistan Economic Corridor (CPEC) takes momentum in the coming few years ECO members are bound take greater advantages, Central Asia would be connected to the Asia Pacific and Middle East via the CPEC giving rise to new economic opportunities and alternatives. Energy flows and trade in consumer and industrial goods are bound to move through the CPEC and lay the foundations of a brave new world. In all these emerging regional dynamics the role of FPCCI has been at the forefront.

FPCCI has strongly emphasized the implementation of TIR for playing an effective role in ECO CCI. It is notable that being the founding member of WTO Pakistan has to sign and implementation the TIR (Transports Internationaux Routiers- International Road Transport).

'TIR' is an international harmonized system of customs control that facilitates trade and transport whilst effectively protecting the revenue of each Country through which goods are carried. It is only universal transit system that allows the goods to transit from a country of origin to a country of destination in sealed load compartments with customs control recognition along the supply chain. This minimizes administrative and financial burdens and customs duties and taxes that may become due are covered by an international guarantee.

The Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) is a multilateral treaty that was concluded at Geneva on 14 November 1975 to simplify and harmonize the



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

administrative formalities of international road transport. The conventions were adopted under the auspices of the United Nations Economic Commission for Europe (UNECE). The TIR Convention establishes an international customs transit system with maximum facility to move goods in sealed vehicles or containers, from a customs office of departure in one country to a customs office of destination in another country, without requiring extensive and time-consuming border checks at intermediate borders. This system not only covers customs transit by road but a combination is possible with other modes of transport (e.g., rail, inland waterway, and even maritime transport), as long as at least one part of the total transport is made by road.

In its annual general meeting held in Pakistan, ECO countries representatives have unanimously recommended that Pakistan should immediately sign the 'TIR' convention. The implementation of 'TIR' is not only a requirement of ECO agreement, it is also important to materialize the benefits of GSP plus granted by European Union. There are 68 parties to the Convention, including 67 countries and the European Union. If Pakistan has not succeeded to fulfill certain requirements including implementation of TIR. FPCCI played its role in lobbying and influencing the government on TIR which was implemented and ratified by the National Assembly and came into enforcement in the start of 2016.

The Afghanistan Pakistan Transit and Trade Agreement (APTTA) has created several forms of the obstacles in smooth trade between the two countries. These Non-Tariff Bearers (NTBs) should be removed to get the clear path for development of trade and economic relations. In our meeting with Afghan Commercial Attaché Mr. Zeeshan Ibrahim in the Federation House we suggested the formation of Custom Union between Pakistan and Afghanistan so that all complications in APTTA can be avoided and the trade becomes smooth. If Custom Union is formed between both the countries, this will facilitate the smooth and frictionless transportation of commodities across the borders and the subsidiary issues related with the collection mechanism, tax and tariff will be automatically removed. We have been stressing the exploration of new joint business avenues in various sectors and frequent exchange of trade delegations both sides so that people to people contact can be established and business to business meetings can be arranged. We raised an important issue that the transit trade from Pakistan to Central Asia is allowed through Chaman Border but practically it is not allowed which is a great obstacle in promotion of bilateral trade. For this purpose we emphasized on establishment of Pak – Afghan Trade Vigilance Committee under the aegis of national chambers of both the countries to look into the matters of bilateral trade.

Here, it is also notable that the most important country from the linkages point of view in the region is Afghanistan; it provides a link between South Asia and Central Asia. Though, Afghanistan is a landlocked country, it is much important than many sea port countries, because it provides a link to six landlocked central Asian states with the Arabian Sea and Indian Ocean through Pakistan. It can provide a trade link between 6 central Asian and 7 South Asian countries. Its land rout (and construction of railways in the country) can change the fortune of entire region. The dramatic growth and development and economic prosperity in the lives of Afghan peoples can be achieved by linking central Asian states to Arabian Sea via Pakistan.

The fortune of Afghan Transit Trade, the means of energy production, Gwadar port, Free Trade with India, SAARC, ECO, and all mega projects are based on peace and interconnectivity in ECO region through Afghanistan.

The most recent initiative of FPCCI has been the initiation of its contacts and association building with the EU Parliament. EU is one of the most import and close partners of Pakistan with regards to all aspects of current international relationships. FPCCI has launched an initiative for formation of EU- Pakistan Business Council for which an MoU has already been signed and in the future this platform will further take the economic relationship to a new level with FPCCI revolving at the core of this advanced relationship.



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

Government of Pakistan, Ministry of Commerce, Ministry of Foreign Affairs and Pakistan's Missions have played significant role in this successful trade diplomacy in favor of the nation. However, the efforts by FPCCI to highlight the issue and its consequent problems are of immense important. There are 28 countries in EU and their aggregate import from Pakistan is about 6 billion dollars and exports to Pakistan are around 4 billion dollars. EU is one of the largest trading partners of Pakistan after USA. Overall trade volume between EU and Pakistan is US\$10 billion with trade surplus of around US\$2 billion in Pakistan's favor. In the absence of GSP plus Pakistani exporters have to pay extra duties from 3 % to 10 % (varies from product to product). Consequently, products from Sri Lanka, Malaysia and Bangladesh become attractive for European buyers because of price difference. Now, on receiving GSP Plus status, Pakistani products are available to buyers in EU countries at competitive prices. It leads the surge in demand of Pakistani products. It was estimated that GSP Plus will increase Pakistani textile exports to EU by 1.0 to 1.5 billion dollar per annum. No doubt this step has provided a support to Pakistan economy in the present context of the pressure on Pakistani rupee and shortage of foreign exchange reserves. Another aspect of this facility is that synergy in textile sector will be trickled down to the cotton growing areas. It may be helpful to reduce poverty to some extent. The surging demand of textile products may help to bring back the investment in the country from Bangladesh, Malaysia and UAE.

Pakistan has always been supporting liberal economic policies and free trade. All economic indicators and indexes released by international think tanks and policy making organizations indicate that Pakistan's economy is more open than other economies in South Asia. In continuation of our policies we have been supporting free competition in international markets.

The contemporary dynamics of globalization are considerably changing the architecture of the world economy and the very content of bilateral and multilateral international economic relations. This is witness from emerging newly created financial, economic, political and security related integration processes. These processes are giving new opportunities for developing nations in terms of greater economic benefits as compared to already existing economic arrangements. GSP Plus status although is beneficial for developing nations however the politics attached to sustaining this status and the lure from newly emerging integration processes and financial institutions, downturn in western economies, the developing nations will have alternatives to choose from and definitely they will choose which gives them more benefits.

Abdul Rauf Alam  
President FPCCI



**FPCCI OFFICE BEARERS**

- |                             |                       |
|-----------------------------|-----------------------|
| ➤ Mr. Abdul Rauf Alam       | President             |
| ➤ Shaikh Khalid Tawab       | Senior Vice President |
| ➤ Mian Rehman Aziz          | Vice President        |
| ➤ Mr. Johar Ali Raki        | Vice President        |
| ➤ Mr. Zulfiqar Ali Shaikh   | Vice President        |
| ➤ Mr. Faisal Jamal Dashti   | Vice President        |
| ➤ Mr. Mohammad Riaz Khattak | Vice President        |
| ➤ Mr. Zafar Bakhtawri       | Vice President        |
| ➤ Mr. Arshad Farooq         | Vice President        |
| ➤ Syed Muhammad Aasim       | Vice President        |
| ➤ Mr. Muhammad Hanif Gohar  | Vice President        |
| ➤ Ms. Sajida Zulfiqar       | Vice President        |
| ➤ Mr. Juma Khan             | Vice President        |



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

### EU PAKISTAN BUSINESS PROMOTION COMMITTEE

➤	Abdul Rauf Alam	Patron-in-Chief
➤	Gulzar Firoz	Chairman
➤	Mian Muhammad Adrees	Member
➤	Mr. Shahzad Ali Malik	Member
➤	Mr. Jawed Ali Ghouri	Member
➤	Dr. Shahzad Arshad	Member
➤	Mr. Mehtab Uddin Chawla	Member
➤	Mr. Tariq Sadiq	Member
➤	Dr. Ayub Mehar	Member
➤	Shaikh Muhammad Bilal	Secretary of the Committee

### RESEARCH & PUBLICATION TEAM

➤	Mr. Maher Alam Khan	Acting Secretary General
➤	Dr. Ayub Khan Mehar	Director General (Research & Development)
➤	Mr. Amjad Qureshi	Deputy Secretary General (ISES & TBs Affairs)
➤	Mr. Ahmed Zaman Khan	Director (Economic Affairs & Research)
➤	Syed Rashid Hussain Rizvi	Sr. Deputy Manager
➤	Mr. Mazhar ul Haq Mufti	Deputy Secretary
➤	Shaikh Muhammad Bilal	Deputy Secretary International Relations
➤	Mr. Muhammad Faisal	Executive Officer



**THE GENERALIZED SCHEME OF PREFERENCES:  
AN INSTRUMENT OF DEVELOPMENT FOR THE DEVELOPING NATIONS**

The European Union (EU) initiated the Generalized Scheme of Preferences (GSP) in 1971 and since then the GSP has been focused to assist developing nations to become vibrant members of the International Community. The GSP aims to diminish poverty, encourage good governance practices and promote sustainable development. The overall objective of GSP is to end the vicious cycle of global poverty and push towards a predictable, stable and vivacious social, political and economic environment in developing nations which furthers unwavering global governance and betterment of the people.

GSP provides preferential access to the EU market which results in developing nations to generate additional revenue through international trade. Regulation (EU) No 978/2012 of the European Parliament and the Council of 25 October 2012 on applying a scheme of Generalized Tariff Preferences also known as the GSP Regulation is the legal arrangement for the GSP. The scheme is in line with World Trade Organization (WTO) rules and regulations especially the Enabling Clause allowing exception to the WTO Most Favored Nation principle.

To effectively accommodate the trade, economic development and financial well being of the developing nations, GSP presents three different preference arrangements which include One General GSP Arrangement and Two Special Arrangements:

1. The general arrangement also known as the Standard GSP grants duty reductions for 66% of all EU tariff lines to countries of low or lower-middle income, having no benefit from any other preferential trade access to the EU market. There are currently 30 Standard GSP beneficiaries.
2. The Special Incentive Arrangement for Sustainable Development and Good Governance also known as GSP Plus allow complete duty suspension for essentially the same 66% tariff lines, as the Standard GSP but for countries which are vulnerable in terms of diversification in their economies and import volumes. The beneficiary countries have to ratify and effectively implement 27 core international conventions covering human and labor rights, environmental protection, and good governance. There are currently 13 GSP+ beneficiaries.
3. The special arrangement Everything but Arms ('EBA') grants full duty-free, quota free access for all products except arms and ammunition, for developing nations which are classified Least Developed Countries by the United Nations. There are currently 49 EBA beneficiaries.

**GENERALIZED SCHEME OF PREFERENCES & GSP PLUS**

Under the GSP Regulation, the Special Incentive Arrangement for Sustainable Development and Good Governance is called the GSP Plus. It is an instrument of the EU trade policy which aims to encourage developing nations to comply with core international standards in the areas of human rights, labor rights, environmental protection and good governance.

GSP Plus is the special arrangement of the GSP as the Standard GSP / general arrangement grants tariff reductions or suspensions on about 66% of EU tariff lines but the GSP Plus offers additional advantages such as complete duty suspensions on basically the same goods. The countries benefiting from GSP Plus have to commit ratification and effective implementation of the core international conventions on human rights, labor rights, environmental protection and good governance. Beneficiaries must also commit to cooperate with the monitoring procedures as imposed by these international conventions and the EU's monitoring procedure on the GSP Plus.



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

The countries benefiting from the Standard GSP status wishing to benefit from or upgrade to the GSP Plus have to meet the entry requirements for the GSP Plus as set out by the GSP Regulation. Applications are accepted by the European Commission (EC) and once a country has requested for the GSP Plus status and formally applied, the application will be evaluated within 10 months. The EC within or up to 6 months examines the application and provided the entry requirements are met, proposes the granting of GSP Plus preferences to the Council of the EU and the European Parliament who then have up to 4 months to consider the EC's proposal.

### THE GSP PLUS STATUS REQUIREMENTS

#### 1. **Precondition: Standard GSP conditions**

Countries must first fulfill the precondition of being beneficiaries of the Standard GSP. To benefit from the Standard GSP, countries must not previously have been classified for 3 consecutive years as upper-middle or high-income economies by the World Bank, and must not benefit from other EU preferential market access arrangements offering the same, or better, tariff preferences. Should this be the case, countries cease to be GSP and also GSP+ beneficiaries, following a transitional period.

#### 2. **Vulnerability**

Vulnerable due to a low level of economic diversification, and a low level of integration within the international economy. Annex VII to the GSP Regulation provides two numerical criteria to determine 'vulnerability'. Firstly, the seven largest sections of a country's GSP imports into the EU must represent more than 75% of the value of all sections of a country's GSP imports. Secondly, that country's GSP imports into the EU must represent less than 6.5% of the value of the EU's total GSP imports from all GSP beneficiaries.

#### 3. **Ratification, reservations and implementation of core conventions at entry**

When applying for GSP Plus, a country is required to have already ratified the 27 core international conventions listed in Annex VIII of the GSP Regulation. These conventions cover human and labor rights, environmental protection, and good governance. Moreover, a country must not have formulated any reservations which are prohibited by those conventions, or which are incompatible with the object and purpose of the conventions. Lastly, for a country to be admitted to the GSP Plus, the most recent available conclusions and recommendations of the conventions' monitoring bodies must have not identified a serious failure to effectively implement any convention.

#### 4. **Undertaking to maintain ratification and effectively implement core conventions**

To be accepted into the GSP Plus, countries must sign a binding undertaking to maintain their ratification of the 27 conventions, and to ensure their effective implementation.

#### 5. **Undertaking to cooperate in GSP+ monitoring**

GSP Plus applicants must also accept without reservation the reporting requirements and monitoring imposed by those conventions. They must also agree to participate in and cooperate with the EU GSP Plus monitoring led by the European Commission. This cooperation enables the Commission to monitor beneficiaries' compliance with their undertakings under the GSP Plus.



**THE CORE CONVENTIONS COVERING GSP PLUS**

There are 27 Core Conventions Covering the GSP Plus Status which include the 7 United Nations Conventions on Human Rights, 8 Conventions of International Labor Organization Conventions on Labor Rights, 8 Conventions on Protection of Environment and 4 Conventions on the Principles of Good Governance.

**1. United Nations Conventions on Human Rights:**

- (1) Convention on the Prevention and Punishment of the Crime of Genocide
- (2) International Covenant on Civil and Political Rights
- (3) International Covenant on Economic, Social and Cultural Rights
- (4) International Convention on the Elimination of All Forms of Racial Discrimination
- (5) Convention on the Elimination of All Forms of Discrimination Against Women
- (6) Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment
- (7) Convention on the Rights of the Child.

**2. Conventions of International Labor Organization Conventions on Labor Rights:**

- (1) Freedom of Association and Protection of the Right to Organize Convention (No 87)
- (2) Right to Organize and Collective Bargaining Convention (No 98)
- (3) Forced Labor Convention (No 29)
- (4) Abolition of Forced Labor Convention (No 105)
- (5) Minimum Age Convention (No 138)
- (6) Worst Forms of Child Labor Convention (No 182)
- (7) Equal Remuneration Convention (No 100)
- (8) Discrimination (Employment and Occupation) Convention (No 111)

**3. Conventions on Protection of Environment:**

- (1) Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and Their Disposal
- (2) Stockholm Convention on Persistent Organic Pollutants
- (3) Convention on International Trade in Endangered Species of Wild Fauna and Flora
- (4) Convention on Biological Diversity
- (5) Cartagena Protocol on Biosafety
- (6) Montreal Protocol on Substances that Deplete the Ozone Layer
- (7) UN Framework Convention on Climate Change
- (8) Kyoto Protocol to the UN Framework Convention on Climate Change



**4. Conventions on the Principles of Good Governance:**

- (1) UN Single Convention on Narcotic Drugs
- (2) UN Convention on Psychotropic Substances
- (3) UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
- (4) UN Convention against Corruption.

**GSP PLUS MONITORING PROCEDURE**

The reformed GSP Regulation requires enhanced monitoring of the GSP Plus status recipients' compliance with their commitments made. Once GSP Plus status is granted, the EC monitors that the beneficiaries adhere to:

1. Maintaining compliance with and implementation of the ratified international conventions covered by the GSP+ arrangement.
2. Comply with the Monitoring Bodies requirements.
3. Acceptance of regular monitoring and review of its implementation record in accordance with the conventions.
4. Cooperate and Coordinate with the EC in its monitoring role and provide all necessary information.

Each GSP+ beneficiary is subject to a continuous and structured monitoring process by the EC in a GSP Plus Scorecard. This involves an ongoing dialogue with beneficiary EC on the salient shortcomings identified in the implementation of the relevant conventions.

As a beneficiary is granted the GSP Plus status, the EC compiles an assessment of the beneficiary's compliance with its GSP Plus commitments in a scorecard. This formal scorecard notes the salient shortcomings identified in particular by the international conventions' monitoring bodies. This begins the ongoing GSP Plus dialogue, during which the EC draws the beneficiary's attention to the areas listed in the scorecard. Whenever possible, the dialogue makes use of existing political and institutional links between the EU and beneficiaries.

The lists of issues in the scorecard are updated annually, and seek to reflect beneficiaries' progress in the effective implementation of the conventions. The assessment reflects developments on the ground, where beneficiaries are expected to demonstrate serious efforts towards tackling the identified problems. The EC seeks to take every possible opportunity to discuss these issues with beneficiary countries, to result in a constructive and continuing GSP+ dialogue.

In line with the GSP Regulation, GSP+ monitoring takes into account the views from a wide range of sources beyond the international conventions' monitoring bodies, including civil society, social partners, the European Parliament and the Council. A wide range of stakeholders are also involved in the beneficiary countries – not just the central government, but local or regional authorities, civil society (e.g. social partners, NGOs, business associations, and local offices of international organizations). As part of its monitoring, the Commission may participate in local workshops, or field



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

visits to industries. Reaching out to local stakeholders, particularly during GSP Plus monitoring visits, is important not only to gather first-hand information, but also to improve understanding of how the GSP+ works, and the EU's expectations of beneficiaries. This helps local stakeholders to play a constructive role in assisting local, regional and central authorities to meet their commitments under the conventions. In particular, as direct beneficiaries of tariff preferences, economic operators are expected to play a key role in supporting implementation of the conventions.

However, there are certain challenges to the monitoring procedures. The conventions relevant to the GSP Plus do not all provide for a regular, continuous monitoring mechanism. Some of the environmental conventions, for example, establish committees which only examine individual cases of non-compliance, rather than issue general and consecutive reports which cover all states parties. In other cases, reports may not exist for certain countries, even in cases of shortcomings. Other reports, such as those concerning compliance with the UN Convention against Corruption, may be entirely published on a voluntary basis.

Beneficiaries must demonstrate a positive record of compliance with and effective implementation of the commitments made upon entry into the GSP+. If the EC has a reasonable doubt that a beneficiary does not respect its binding undertakings to comply with the reporting obligations under the international conventions, or to cooperate with the relevant monitoring bodies or with the Commission, or to maintain ratification and ensure the effective implementation of the relevant international conventions, then the EC will consider opening an investigation into whether a beneficiary is complying with its GSP+ undertaking. Following this, GSP Plus benefits may be temporarily withdrawn, until the beneficiary demonstrates compliance with the GSP Plus.

The GSP Regulation requires the EC to submit a report to the European Parliament and to the Council on the application of the GSP Regulation five years after the entry into force of the GSP Regulation (November 2017). This will reflect on the whole GSP scheme over the five-year period, from 2012 to 2017. It will take into account the implications of the scheme for the development, trade and financial needs of its beneficiaries. The Commission will also assess the need to review the scheme, including the GSP+ and temporary withdrawal provisions of tariff preferences, where appropriate accompanied by a legislative proposal. Furthermore, the report will also include a detailed analysis of the impact of the GSP Regulation on trade and on the EU's tariff income, with particular attention to the effects on beneficiary countries. Lastly, this report, published by November 2017, will also cover specific developments during the second GSP Plus reporting cycle (2016-2017).

### BENEFICIARIES OF GSP PLUS

There are currently 14 countries benefitting from the GSP Plus status. These are:

- Armenia, Bolivia, Cape Verde, Costa Rica, Ecuador, Georgia, Mongolia, Pakistan, Paraguay and Peru, granted GSP Plus status from 1 January 2014.
- El Salvador, Guatemala and Panama granted GSP Plus status on 28 February 2014.
- Philippines granted GSP Plus status on 25 December 2014.

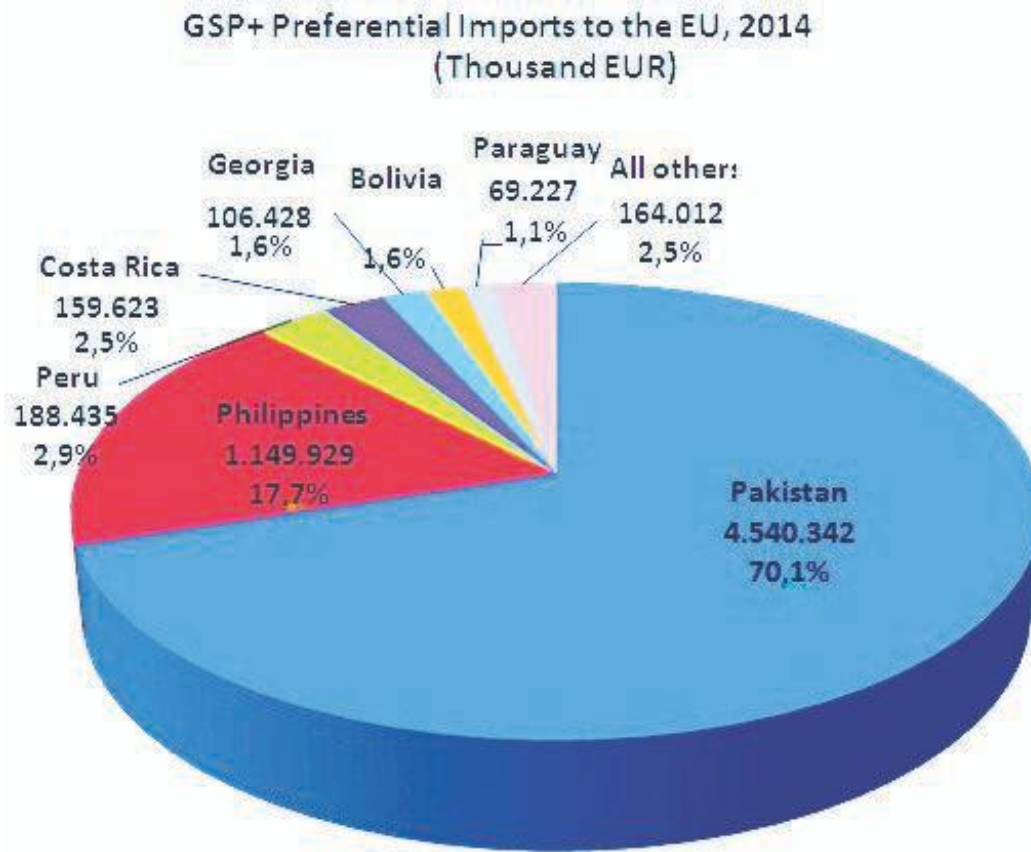
Table 1 shows the value of total and preferential imports to the EU by GSP Plus beneficiaries. Total GSP Plus preferential imports have increased (from 5.99 billion Euros in 2013 to 6.48 billion Euros in 2014). As a result of several beneficiaries starting to apply new free trade agreements with the EU, the overall utilization rate declined slightly from 69.7% in 2013 to 66.1% in 2014. Given these newly available market access arrangements, utilization rate varied significantly by country:

Table 1 – Value of preferential imports to the EU by GSP+ country (Thousand EUR)

GSP+	2013						2014				2015 - First 6 Months		
	Total imports	GSP+		Utilized rate	Total imports	GSP+		Utilized rate	Total imports	GSP+		Utilized rate	
		Eligible imports	Preferential imports			Eligible imports	Preferential imports			Eligible imports	Preferential imports		
	22,733,977	8,596,443	5,989,219	69.70%	23,703,726	9,805,876	6,479,923	66.10%	12,018,057	5,694,967	3,517,874	61.80%	
Armenia	215,542	74,418	58,239	78.30%	228,616	81,814	59,583	72.80%	143,504	75,896	58,601	77.20%	
Bolivia	470,195	69,895	68,066	97.40%	518,500	106,278	101,928	95.90%	262,519	36,672	34,573	94.30%	
Cape Verde	47,894	45,388	43,754	96.40%	97,322	55,781	54,713	98.10%	27,693	25,410	24,587	96.80%	
Costa Rica	4,007,151	743,910	637,473	85.70%	3,767,873	872,169	159,623	18.30%	1,256,747	539,347	71,390	13.20%	
El Salvador	211,561	94,968	67,462	71.00%	169,599	77,027	339	0.40%	83,136	26,520	380	1.40%	
Georgia	658,312	184,891	155,968	84.40%	649,631	224,756	106,428	47.40%	386,737	149,722	6,425	4.30%	
Guatemala	610,600	397,223	350,222	88.20%	685,734	342,628	26,755	7.80%	404,921	155,959	6,374	4.10%	
Mongolia	69,952	16,051	14,212	88.50%	73,280	16,876	14,482	85.80%	41,355	5,763	4,242	73.60%	
Pakistan	4,506,204	3,853,932	2,633,866	68.30%	5,492,732	4,762,400	4,540,342	95.30%	3,039,031	2,726,927	2,575,741	94.50%	
Panama	652,446	112,494	67,169	59.70%	436,396	140,485	8,141	5.80%	255,041	76,960	3,729	4.80%	
Paraguay	1,163,165	48,019	43,954	91.50%	1,100,046	72,535	69,227	95.40%	483,220	16,017	13,515	84.40%	
Peru	5,071,923	1,261,292	766,463	60.80%	4,766,620	1,329,832	188,435	14.20%	2,376,769	775,092	37,317	4.80%	
Philippines	5,049,032	1,693,964	1,082,372	63.90%	5,717,378	1,723,295	1,149,929	66.70%	3,257,385	1,084,683	681,001	62.80%	

Costa Rica, Guatemala, El Salvador, Panama, and Peru will cease to be GSP+ beneficiaries from January 2016. The GSP+ imports from these countries have reduced significantly in 2014 and 2015, respectively, as these countries used the alternative preferences available under the EU-Central America Association Agreement. Similarly, Georgia is benefitting from the bilateral deep and comprehensive free trade agreement (DCFTA) since 2014, and usage of GSP+ is expected to reduce until 1 January 2017, when the country will exit the GSP+ scheme.

In 2014, Pakistan and the Philippines together accounted for 87.8% of GSP Plus preferential imports. This is clear from the Graph below:





## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

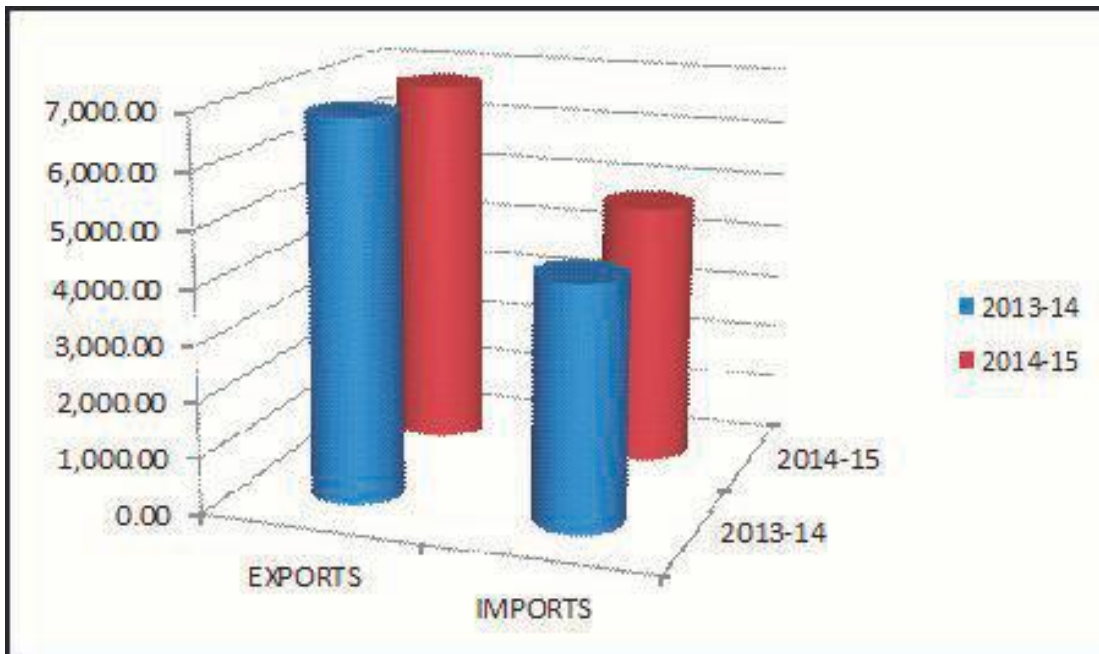
As the GSP Plus status provides additional tariff preferences to developing nations faced with vulnerabilities arising from the lack of export diversification and inadequate integration within the international trading system, these arrangements support these countries in effectively implementing the 27 core international conventions.

Costa Rica, Guatemala, El Salvador, Panama and Peru have ceased to be GSP and GSP Plus beneficiaries from 1 January 2016, as they benefit from preferential market access under bilateral trade agreements. Georgia will cease to be a GSP/GSP Plus beneficiary from 1 January 2017. On 25 November 2015, the EC decided to grant GSP Plus status to Kyrgyzstan however the decision is currently under review before the European Parliament and the Council.

The GSP Plus scheme is an incentive-based tool that seeks to support beneficiaries to effectively implement the 27 international conventions. As set out in the GSP Regulation, the initial lifetime of the GSP Plus is 10 years (until 31 December 2023). This is a long-term process. The shortcomings which hamper effective implementation of the conventions often relate to issues which require mid-to-long term solutions. GSP Plus conventions cover a large field of issues such as human and labor rights, protection of the environment, climate change, and the fight against drugs and corruption. Moreover, shortcomings are often the result of a range of complex and interconnected issues, encompassing social, cultural, historical, security or economic developments. As developing countries, all beneficiaries are expected to experience challenges with implementation, especially in the short-to-medium term.

In light of the above, the reformed GSP Plus monitoring provides a strong incentive for GSP+ beneficiaries to improve their implementation and reporting. This requires commitment not just in the short-term, but in the medium- and long-term, which the GSP+ monitoring seeks to reflect in full.

**GSP PLUS AND PAKISTAN: CURRENT ACHIEVEMENTS**





## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

### Pattern of Trade Before GSP+ (US \$ Million)

Year	Exports	Imports	Trade Balance
2007-08	5,185.40	5,222.00	(-) 36.60
2008-09	4,412.40	5,645.40	(-) 1233.40
2009-10	4,599.54	4,542.32	57.22
2010-11	6,181.00	4,383.90	1797.10
2011-12	5,358.42	4,518.46	839.96
2012-13	5,667.88	4,621.53	1,046.36

### Pattern of Trade After GSP+ (US \$ Million)

Year	Exports	Imports	Trade Balance
2013-14	6,837.54	4,350.33	2,487.22
2014-15	6,730.00	4,736.526	1993.47



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

### Export from Pakistan to EU (US \$ Million)

SR.NO.	IMPORTERS	2012-13	2013-14	2014-15
1	United Kingdom	1,325.05	1,571.99	1,582.08
2	Germany	1,014.11	1,148.28	1,174.81
3	Spain	553.80	702.82	806.56
4	Netherlands	511.55	668.85	675.01
5	Italy	559.71	738.62	666.99
6	Belgium	526.90	648.14	614.19
7	France	351.44	415.34	377.20
8	Portugal	130.01	171.00	151.46
9	Poland	83.06	130.19	138.52
10	Sweden	108.60	124.29	127.61
11	Denmark	98.74	100.46	101.05
12	Greece	50.01	65.81	70.07
13	Slovenia	25.17	46.54	52.32
14	Irish Rep./Ireland	45.68	49.77	50.63
15	Finland	79.16	70.30	43.43
16	Lithuania	45.65	51.49	41.17
17	Czech Republic	26.96	32.14	34.32
18	Romania	20.95	26.47	23.58
19	Latvia	18.36	23.49	18.88
20	Austria	17.75	20.53	17.30
21	Bulgaria	12.87	15.37	17.16
22	Estonia	31.62	24.90	17.03
23	Croatia	7.29	9.63	11.94
24	Hungary	10.46	12.52	10.81
25	Malta	2.47	6.88	5.97
26	Cyprus	3.43	3.98	4.20
27	Slovakia./Slovak R.	6.92	3.49	3.22
28	Luxembourg	0.17	0.18	0.05



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

### EU's imports from GSP Plus Beneficiaries (US Dollars)

Sr. No.	Countries	2011	2012	2013	2014	2015
1	Armenia	443.01	330.80	329.39	335.89	343.10
2	Bolivia	592.17	603.73	761.40	879.89	664.61
3	Cape Verde	63.85	68.48	64.40	78.48	70.41
4	Costa Rica	6,077.34	6,790.58	6,394.57	6,118.98	2,498.57
5	Ecuador	3,712.95	3,601.00	3,897.13	4,003.41	2,883.23
6	Georgia	923.85	762.90	916.27	907.53	801.94
7	Mongolia	114.87	93.29	105.56	115.77	92.85
8	Paraguay	1,657.42	1,225.06	1,574.56	1,527.57	1,146.65
9	<b>Pakistan</b>	<b>7,485.80</b>	<b>6,093.21</b>	<b>6,868.22</b>	<b>8,296.69</b>	<b>6,730.00</b>
10	Peru	9,044.24	8,245.53	7,319.70	6,829.21	5,583.90



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

### REQUIRE MEASURES TO ENHANCE BENEFITS FROM GSP PLUS

- Comply with 27 international conventions
- Implements the right policies in order to ensure the medium and long-term sustainability of industrial, commercial and export development
- Infrastructure Development
- Ensure availability of Raw Material for Textile
- Structural problems need to be addressed
- Scarce coordination between Government and industry
- Targeted investments in key areas such as technology
- Infrastructure, quality control and supply-chain management

### ISSUES/ PROBLEMS CREATING HURDLES FOR BENEFIT

- The development of partnership with the EU should contribute to the strengthening of Pakistan as a leading force in the formation of a system of interstate political and economic relations which increases its position and benefits for the business community rather than aid and token status access.
- GSP Plus status cannot be sustained and implemented as a long term policy in Pakistani socio-economic conditions and artificially created conditions
- Predatory State Institutions have been in existence since the creation of Pakistan. These predatory state institutions are currently causing tangible and intangible losses to the Pakistani Business community.
- The existence and non-transformation of these predatory state institutions towards transparent and cost effective institutions remain supported by AID from EU. This AID politics of EU is a major instrument in non-realization of the full potential of GSP Plus status.

### CONCLUSION: RECOMMENDATIONS AND WAY FORWARD

There is an acute requirement of a Monitoring and Evaluation mechanism for checking compliance over the 27 conventions covering GSP Plus status. This could be initiated as a cell, desk or department within the structures of FPCCI, TDAP or any other concerned ministry / department of Pakistan. Establishment of Monitoring and Evaluation cell/ desk/ department would be a stepping stone in giving the business community of Pakistan, the clarity of GSP Plus status's long term commitment with Pakistan.

Some of the products being produced in Pakistan are still in the embryonic stage with regards to fast pace development of products standardization, branding and certification as compared to rest of the world. This is a source of serious concern and need addressing as well as assistance. Formation of EU Pak Business Promotion Committee and EU Pakistan Business Council are the initiating steps in resolution of these problems. However, further assistance with regards to development of standardization, branding and certification organizations is a requirement which requires further commitment from international partners at the government level.



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

Pakistan is a dynamic country in a dynamic region full of immense commercial, industrial and trading opportunities. Since 1947, Pakistan's global orientation has always been focused on its economic development through liberal, open and investment friendly policies. Pakistan has always voiced its concerns and proactively presented its opinions with regards to barriers affecting international trade. Pakistan has been the founding member of WTO and other international trade bodies, also being a member of IMF and World Bank who have time and again endorsed Pakistan's economic and trade policies. However, there is an acute international image problem which needs to be overcome. This will require both self help by developing own tools and instruments to enhance a soft image and also assistance from foreign partners especially EU for building a public friendly, investor friendly and liberal Pakistan.

There is a shortage of expert personnel who are well versed in international trade and economic diplomacy in Pakistan. Due to this Trade and Commercial sections in Pakistani missions abroad are unable to achieve the level which the Pakistani business community is capable of. This requires lobbying, assistance and influencing the government to embrace those with the knowledge of the current workings of the international economic order, the global financial system and international trade.

In the contemporary era of new emerging rules of international trade and economic diplomacy, FPCCI is the institution which will be at the forefront. FPCCI official representation abroad or FPCCI offices in partner countries would be essentially the link of streamlining trade and commercial cooperation, reducing barriers to trade and further enhancing trade and commercial activities. India has already initiated this activity through their national chambers. Having international offices in the heart of EU would be very useful for the business communities of both Pakistan and EU.

Failure to comply any article/ clause of 27 conventions will significantly affect Pakistan export which will ultimately affect industrial growth in Pakistan. As Pakistan has already ratified all the conventions, their compliance under the conditions of global war on terror is becoming questionable. However, to materialize benefits of GSP Plus and its realization monitoring work on regular basis is required. In case a GSP Plus beneficiary country does not respect its binding undertakings, or formulates a reservation, the GSP Plus status will be withdrawn. Further, the burden of proof regarding compliance with the obligations resulting from the binding undertakings lies with the GSP Plus beneficiary country.

Politically and economically, EU is going through a tough time due to growing tensions with its eastern neighbor Russia, rising right wing politics from within and new alternative integration or integrated structures with resources as well as purchasing power. All these are leading towards developing of long term strategic trade and commercial partnerships becoming more competitive. Business community of Pakistan is well aware of these current dynamics of the world order and are working towards formation of stable, open, positively competitive bilateral and multilateral relationships.

All sectors of the Pakistani economy especially those concerned with exports, need to be taken on board so that holistic benefits could be garnered. Lack of knowledge with regards to GSP Plus in different sectors means that a coherent and comprehensive strategy for increasing exports and hence developing a strong trade partnership with EU has still not materialized.

***GSP Plus status up till now has not remained beneficial holistically. Some sectors have benefit such as textiles while other has potential but not realized benefits***



**APPENDIX I : DETAILS OF THE CORE CONVENTIONS**

**UNITED NATIONS CONVENTIONS**

Each of the human rights conventions establishes a specialized committee of independent experts responsible for monitoring the implementation of the convention. States parties are obliged to report periodically to these committees. Detailed information on reporting requirements and parties' compliance can be found on the website of the United Nations High Commissioner for Human Rights (UNHCHR).

States parties are only obliged to report periodically to the committees established under each convention. In some cases, states parties have not reported to the committees during the period of 2012-2014, or no committee reports are available. It should also be noted that as the reports of the committees aim to ensure full implementation of the conventions, they generally focus on shortcomings.

1. **Convention on the Prevention and Punishment of the Crime of Genocide:** bans acts committed (during war or peace) with the intent to destroy, in whole or in part, a national, ethnic, racial or religious group. This convention does not provide for a monitoring committee.
2. **International Covenant on Civil and Political Rights (ICCPR):** provides for a wide range of rights, including the right to life; the right to freedom from torture and cruel, inhuman or degrading treatment and punishment; the right to liberty and security of the person; the right of detained persons to human treatment; the right to freedom of movement; the right to a fair trial; the right to freedom of thought, conscience, and religion; the right to freedom of opinion and expression; and the right to freedom of assembly and association. The ICCPR also provides that all peoples have the right to self-determination and that minorities have the right to enjoy their own culture, practice their own religion and use their own language. Two optional protocols provide for:
  - (1) The possibility of individual complaints with regard to alleged violations of the Covenant by state parties.
  - (2) The abolition of the death penalty in the territory under the jurisdiction of the state party.

However, it is not necessary to ratify or implement these optional protocols to benefit from the GSP+. The Human Rights Council (HRC) monitors the implementation of the ICCPR. Each state party is obliged to submit a report on adopted measures and on progress made to the HRC within one year after the ICCPR entering force, and every 4 years thereafter.

3. **International Covenant on Economic, Social and Cultural Rights (ICESCR):** focuses on economic, social, and cultural rights. These include the right to just and favorable conditions of work, the right to form trade unions and the right to strike, the right to social security, the right to an adequate standard of living, the right to education, and the right to take part in cultural life. The ICESCR also lists the right to self-determination for all peoples. Its implementation is monitored by the Committee on Economic, Social and Cultural Rights (CESCR). Parties must submit a report within two years after the ICESCR entering force, and every 5 years thereafter. The CESCR examines the reports, adopts concluding observations, and makes recommendations to the states parties.



4. **International Convention on the Elimination of All Forms of Racial Discrimination (ICERD):** prohibits racial discrimination in all its forms. The ICERD requires states parties not to engage in acts of racial discrimination, to amend any laws which create racial discrimination, and to end racial discrimination by all persons or groups. Moreover, states parties must declare the dissemination of ideas based on racial superiority or incitement to racial hatred as criminal offences, and must prohibit organizations which promote racial discrimination. Implementation is monitored by the Committee on the Elimination of Racial Discrimination (CERD). All states parties are obliged to submit reports to the committee one year after acceding to the ICERD, and every two years thereafter. The CERD adopts concluding observations, and makes suggestions and recommendations to states parties.

5. **Convention on the Elimination of All Forms of Discrimination against Women:** requires states parties to eliminate discrimination against women in political and public life, to accord women equality before the law, and to eliminate discrimination against women concerning acquisition of nationality, and in matters concerning marriage and family relations, with an emphasis on measures in rural areas.

The Committee on the Elimination of Discrimination against Women (CEDAW) monitors states parties' compliance with the convention. States parties must submit a report to the CEDAW on the legislative, judicial, administrative or other measures adopted within a year after the convention's entry into force, and at least every 4 years thereafter. The CEDAW examines the reports, adopts concluding observations, and makes recommendations to the states parties. The convention is supplemented by an optional protocol recognizing the competence of the CEDAW to receive and consider complaints from individuals or groups, and to initiate inquiries into situations of grave or systematic violations of women's rights.

6. **Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment:** bans torture under all circumstances. It requires states parties to prevent torture and to ensure that acts of torture are criminal offences; furthermore it forbids states from expelling persons to states where they would be in danger of being tortured. The convention also requires a state party to prevent acts of cruel, inhuman or degrading treatment or punishment not amounting to torture. The optional protocol to the convention creates the UN Subcommittee on Prevention and allows in-country inspections of places of detention to be undertaken in collaboration with national institutions. However, it is not necessary for countries to have ratified and implemented this optional protocol to benefit from the GSP+. All states parties are obliged to submit regular reports to the monitoring Committee against Torture (CAT), initially one year after acceding to the convention, and every 4 years thereafter. The CAT examines the reports, adopts concluding observations, and makes recommendations to the states parties.

7. **Convention on the Rights of the Child:** requires states parties to ensure that in all actions concerning children undertaken by state authorities, the best interests of the child are a primary consideration. The convention provides a range of rights for children relating to registration of birth, respect for identity, protection against separation from parents, family reunification, freedom of thought and expression, freedom of association, access to information, protection from physical or mental violence, adoption, health care, mental or physical disability, social security, adequate living standards, education, and protection from exploitation.



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

The convention is supplemented by two optional protocols concerning the sale of children, child prostitution and child pornography, and on the involvement of children in armed conflict. However, it is not necessary for countries to have ratified these optional protocols to benefit from the GSP Plus. The Committee on the Rights of the Child (CRC) monitors states parties' implementation of the convention. All states parties must report to the committee on the implementation of the convention, initially two years after acceding to the convention, and every 5 years thereafter. The CRC examines the reports, and addresses its concerns and recommendations to the states parties through its concluding observations.

### **International Labor Organization (ILO) Conventions**

In general, states must report every three years on the steps taken to implement the eight fundamental ILO conventions. The Committee of Experts on the Application of Conventions and Recommendations (CEACR; hereinafter referred to as the Committee of Experts), is an impartial body of 20 legal experts. It reviews states' reports and publishes an annual report on members' compliance with the fundamental ILO conventions. The Committee of Experts' annual report is published on the ILO website, and all observations on the implementation of the conventions can be found on the ILO's NORMLEX database.

The first part of the Committee of Experts' report describes the committee's work, and the extent to which Member States have fulfilled their reporting obligations. It also identifies cases for which the Committee of Experts has decided to insert special notes, according to the seriousness and persistence of the problem, the urgency of the situation, or the quality and scope of a government's response in its reports. Depending on the seriousness of the problem, governments may be requested to submit early reports on these cases ("single footnoted cases"), or may be requested to provide full information to the next International Labor Conference ("double footnoted cases").

The second part of the Committee of Experts' report publishes observations concerning individual countries. Besides reflecting information on legislation and governmental practice, other sources of information are taken into account, including comments of employers' and workers' organizations. Also considered are the proceedings and findings of other ILO supervisory bodies, such as the Committee on the Application of Standards of the International Labor Conference (CAS), the Governing Body's Committee on the Freedom of Association (CFA), and the findings of the special procedures.

The Committee of Experts' report feeds into the work of the CAS, where measures taken by the ILO Member States are considered, and 24-25 exemplary individual cases of serious failure of the fulfillment of the conventions' requirements are discussed, and conclusions are adopted. The individual cases are selected through negotiations between social partners (employers' and workers' representatives) in the countries that have been the object of an observation in the Committee of Experts' report. Customarily, the social partners include in this list also the "double footnoted cases" identified by the Committee of Experts. The CAS's General Report is then adopted by the International Labor Conference.

ILO monitoring is not limited to legal implementation, but focuses also on concrete application and technical issues, including cases of progress and good practice. The reports of the Committee of Experts and the CAS also evaluate states' willingness to address problems in complying with ratified labor standards, and to cooperate with the ILO.



**International Conventions on Environmental Protection and Climate Change:**

1. **The Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and Their Disposal** aims to reduce hazardous waste generation. It covers a wide range of wastes defined as "hazardous", as well as household and incinerator ash. The Convention calls for environmentally sound management of hazardous waste by ensuring the availability of adequate disposal facilities, located close to the source of generation. The Convention also seeks to limit and regulate trans-boundary movement of hazardous waste. This includes written consent between concerned states, exchange of information, and technical assistance.

Before the end of each calendar year, each party must submit a report containing comprehensive information on its implementation of the convention. These national reports are reviewed by the Implementation and Compliance Committee, which also reviews individual cases of non-compliance.

2. **The Stockholm Convention on Persistent Organic Pollutants** aims to protect human health and the environment from persistent organic pollutants (POPs). POPs are hazardous chemicals that are toxic to humans and wildlife. They remain intact in the environment for long periods, become widely distributed geographically, and accumulate in the fatty tissue of living organisms. POPs circulate globally and cause damage wherever they are distributed.

A non-compliance mechanism under the Stockholm Convention has not yet been established. Although no compliance committee exists, compliance and implementation is assessed through the requirement for parties to submit a National Implementation Plan. Every four years, parties must also submit a National Report on the effectiveness of measures taken to implement the convention.

3. **The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)** is among the most prominent conservation agreement. Its aim is to ensure that international trade in more than 35000 animal and plant species does not threaten their survival. The list of species covered by CITES is regularly updated by the Conference of the Parties which meets every three years. Under the CITES framework, Parties have to enact an adequate legislation, report on trade levels in CITES products and implement specific measures against illegal trade in particularly endangered species (such as elephants, rhinoceroses, Asian big cats and some rosewood species). The implementation of CITES is monitored by the CITES Secretariat and the Standing Committee.. The Standing Committee is a powerful compliance body, as it can decide upon sanctions, including trade suspensions, in case of failures by Parties to properly implement their obligations under CITES . The Secretariat of CITES is a repository of information on the implementation of the Convention and receives information and reports that it has to communicate to the Parties. This is done through the Notifications to the Parties.

4. **The Convention on Biological Diversity (CBD)** aims to ensure the conservation and sustainable use of all ecosystems, species and genetic resources. It has three main goals: conserving biological diversity, ensuring the sustainable use of its components, and fairly sharing the benefits arising from the use of genetic resources. The CBD is legally binding for the parties, which must establish a National Biodiversity Strategy and Action Plan (NBSAP) outlining actions to implement the CBD. Parties must report on implementation every four years.

The governing body of the CBD, the Conference of Parties, adopted the Cartagena Protocol on



Biosafety in 2000. The protocol aims to ensure a balance between the sustainable use of modern biotechnology and economic interests. The protocol governs the trans-boundary movement of Genetically Modified Organisms (GMOs), and authorizes states to prevent the import of GMOs according to the precautionary principle.

5. **The Montreal Protocol on Substances that Deplete the Ozone Layer** reflects the need to phase out the production and consumption of ozone-depleting substances. Adjustments through decisions of the parties allow the protocol to react to new scientific developments and technical progress. The protocol provides for two key control measures: data reporting and a non-compliance procedure. Parties report every year to the Ozone Secretariat in Nairobi, Kenya, on production, import and export of ozone-depleting substances referred to in the protocol. In addition, the Implementation Committee monitors compliance on the basis of the data provided, and makes extensive reports on non-compliant countries. The committee recommends an 'indicative list' of measures to be taken in case of non-compliance, through adoption of the Meeting of the Parties to the Montreal Protocol. These measures include issuing formal cautions and suspending specific rights and privileges, as well as finance and trade measures. The Multilateral Fund of the Montreal Protocol provides assistance to countries to comply with the protocol.
6. **The UN Framework Convention on Climate Change (UNFCCC)** was included among the conventions relevant to the GSP+ by the 2012 reform to the GSP, in order to place further emphasis on the importance of effectively addressing climate change issues.

Each party is obliged to report on its implementation of the convention. However, developing countries have only to submit a national inventory of emissions and removals of greenhouse gases, and a general description of steps taken to implement the convention. There are no fixed dates for developing countries to submit national communications, although in principle reports should be submitted within 4 years of the initial financial support to assist them with preparing the reports. Moreover, rather than being subject to an in-depth review by an international team of experts, developing countries' reports are instead considered by a dedicated group set up by the Subsidiary Body on Implementation.

Ahead of the 2015 Conference of the Parties in Paris (COP21), parties committed to undertake certain post-2020 climate actions. These commitments were communicated in the form of an Intended Nationally Determined Contribution (INDC). While these communications outlined parties' intended actions on climate change, submission of an INDC was optional under the UNFCCC, and so is not taken into account by GSP Plus monitoring.

7. **The Kyoto Protocol to the UN Framework Convention on Climate Change** is an international framework to combat global warming by reducing greenhouse gas emissions through internationally binding commitments. Adopted in 1997 and entering into force in 2005, the protocol has been amended several times, most recently through the Doha Amendment in December 2012. The first commitment period ended in 2012, during which parties committed themselves to reduce their greenhouse gas emissions by an average of 5% against 1990 levels. A reduction of 18% has been agreed for the second commitment period (2013 to 2020), although not all parties of the first period have joined the commitments of the second period.

The protocol provides for an International Emissions Trading mechanism, where emission



transactions must be reported to the UN Climate Change Secretariat. The Secretariat verifies that transactions are consistent with the commitments. The protocol also establishes an Adaptation Fund to finance projects in developing countries to mitigate the adverse impacts of climate change.

### UN Conventions on Good Governance

The three major international drug control conventions are mutually supportive and complementary. They seek to codify internationally applicable control measures to ensure the availability of narcotic drugs and psychotropic substances for medical and scientific purposes, while preventing their diversion into illicit channels. They also include provisions on illicit trafficking and drug abuse.

1. **The UN Single Convention on Narcotic Drugs**, adopted in 1961, aims to combat misuse of narcotic drugs. First, it seeks to limit the possession, use, trade, distribution, import, export, manufacture, and production of drugs exclusively to medical and scientific purposes. Second, it combats drug trafficking through international co-operation to deter and discourage drug traffickers.
2. **The UN Convention on Psychotropic Substances** entered into force in 1976. It establishes an international control system for psychotropic substances not covered by the Convention on Narcotic Drugs. It responded to the diversification and expansion of the spectrum of drugs of abuse and introduced controls over a number of synthetic drugs according to their abuse potential and their therapeutic value.
3. **The UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances** entered into force in 1990. It provides additional regulative mechanisms to enforce the abovementioned conventions through comprehensive measures against drug trafficking, including provisions against money laundering and the diversion of precursor chemicals. It also covers international co-operation through, for example, extradition of drug traffickers, controlled deliveries and transfer of proceedings.

The International Narcotics Control Board (INCB) monitors compliance with the three international drug control conventions. It has the authority to investigate the failure of any country to carry out the conventions' provisions, including countries that are not parties to the conventions. The INCB recommends actions and suggests adjustments to both international and national control regimes. As well as reporting on compliance with the conventions, the INCB can recommend sanctions to the parties, which can extend to stopping the export or import of particular psychotropic substances.

4. **The UN Convention against Corruption (UNCAC)** entered into force in 2005. It covers several areas: prevention and criminalization of a wide range of acts of corruption, law enforcement, international co-operation, asset recovery, and technical assistance. The convention covers a broad range of actions defined as corruption, including trading in influence, abuse of function, and corruption in the private sector. It is the only global anti-corruption instrument which is legally binding.

The Conference of the State Parties has established a mechanism to monitor implementation of the convention. After undergoing a comprehensive self-assessment, states parties review each other in groups of three, selected by lot. The monitoring process is carried out by governmental experts. Country review reports remain confidential, although countries are encouraged to publish their reports, and executive summaries are made available.



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

### APPENDIX II: Pakistan and the Core Conventions of GSP Plus

Sr. No	Convention	Status of ratification / Reservations	Compliance with reporting obligations to monitoring bodies
1.	Convention on the Prevention and Punishment of the Crime of Genocide	Ratified: 12.10.1957 No Reservations	<b>No country reporting obligations</b>
2.	International Convention on the Elimination of All Forms of Racial Discrimination	Ratified: 21.09.1966 No reservations	<b>Compliant with country reporting obligations</b> Latest country report submitted on 02.11.2015. Latest monitoring body report issued on 15.03.2009.
3.	International Covenant on Civil and Political Rights	Ratified: 23.06.2010 Reservations made at ratification, of which two remain on Articles 3 and 25*	<b>Compliant with country reporting obligations</b> Latest country report submitted on 19.10.2015.
4.	International Covenant on Economic, Social and Cultural Rights	Ratified: 17.04.2008 Reservation made**	<b>Compliant with country reporting obligations</b> Latest country report submitted on 16.10.2015.
5.	Convention on the Elimination of All Forms of Discrimination against Women	Ratified: 12.03.1996 Accession subject to the provisions of the Pakistan constitution*** Reservation to Article 29	<b>Compliant with country reporting obligations</b> Latest country report submitted on 16.06.2011 (Fourth Report).  However, delay on reply to follow-up questions to Fourth Report (examined February 2013), due on 01/03/2015. Next country report due on 01.03.2017 (Fifth Report). Latest monitoring body report issued on 26.03.2013.
6.	Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment	Ratified: 23.06.2010 Reservations made at ratification, of which reservations to Articles 8, 28, and 30 remain****	<b>Compliant with country reporting obligations</b> Latest country report submitted on 04.01.2016 (First Report).
7.	Convention on the Rights of the Child	Ratified: 12.11.1990 No reservations	<b>Compliant with country reporting obligations</b> Last country report submitted on 23.05.2014. Latest monitoring body report issued on 15.09.2009.



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

8.	Convention concerning Forced or Compulsory Labor, No. 29	Ratification: 1957	<b>Compliant with country reporting obligations</b> All country reports submitted. Latest CEACR comments: Observation 2014; Direct Request 2014
9.	Convention concerning Freedom of Association and Protection of the Right to Organize, No. 87	Ratification: 1951	<b>Compliant with country reporting obligations</b> All country reports submitted. Latest CEACR comments: Observation 2013; Direct Request 2013
10.	Convention concerning the Application of the Principles of the Right to Organize and to Bargain Collectively, No. 98	Ratification: 1952	<b>Compliant with country reporting obligations</b> All country reports submitted. Latest CEACR comments: Observation 2013
11.	Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No. 100	Ratification: 2001	<b>Compliant with country reporting obligations</b> All country reports submitted. Latest CEACR comments: Observation 2012
12.	Convention concerning the Abolition of Forced Labor, No. 105	Ratification: 1960	<b>Compliant with country reporting obligations</b> All country reports submitted. Latest CEACR comments: Observation 2014; Direct Request 2014
13.	Convention concerning Discrimination in Respect of Employment and Occupation, No. 111	Ratification: 1961	<b>Compliant with country reporting obligations</b> All country reports submitted. Latest CEACR comments: Observation 2012; Direct Request 2012
14.	Convention concerning Minimum Age for Admission to Employment, No. 138	Ratification: 2006 Minimum age specified: 14 years	<b>Compliant with country reporting obligations</b> All country reports submitted. Latest CEACR comments: Observation 2014; Direct Request 2014
15.	Convention concerning Minimum Age for Admission to Employment, No. 182	Ratification: 2001	<b>Compliant with country reporting obligations</b> All country reports submitted. Latest CEACR comments: Observation 2014; Direct Request 2014
16.	CITES	Accession: 20.04.1976 No reservations	<b>Lack of compliance with country reporting obligations</b> Last country report submitted on 03.02.2015 (Annual Report for 2014). Country reports (Biennial Reports) due for 2003-04, 2005-06, and 2009-10.
17.	Montreal Protocol	Accession: 18.12.1992 No reservations	<b>Compliant with country reporting obligations</b> All country reports submitted. Most recently, annual data for 2014 was submitted on 30.04.2015.



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

18.	Basel Convention	Ratification: 26.07.1994 No reservations	<b>Lack of compliance with country reporting obligations</b> Last country report submitted on 10.04.2015 (2013 National Report). Country reports U(Annual Reports) for 2008, 2010, and 2011 due.
19.	Convention on Biological Diversity	Ratification: 26.07.1994 No reservations	<b>Compliant with country reporting obligations</b> All country reports submitted. Latest country report submitted on 31.03.2014 (Fifth National Report).
20.	UN Framework Convention on Climate Change	Ratification: 01.06.1994 No reservations	<b>Compliant with country reporting obligations</b> First National Communication submitted on 15.11.2003.
21.	Cartagena Protocol on Biosafety	Ratification: 02.03.2009 No reservations	<b>Lack of compliance with country reporting obligations</b> Last country report submitted on 12.09.2014 (Second National Report). Interim National Report (2005) and First National Report (2007) due. Third National Report due on 01.11.2015.
22.	Stockholm Convention	Ratification: 17.04.2008 No reservations	<b>Lack of compliance with country reporting obligations</b> No country reports submitted. First Round (2006), Second Round (2010), and Third Round (2014) National Reports due.
23.	Kyoto Protocol	Accession: 11.01.2005 No reservations	<b>No country reporting obligations</b>
24.	UN Single Convention on Narcotic Drugs	Ratification: 09.07.1965 No reservations	<b>All country reports submitted</b> Monitoring body reviewing is fulfilled by UN Office on Drugs and Crime (UNODC).
25.	UN Convention on Psychotropic Substances	Accession: 09.06.1977 No reservations	<b>All country reports submitted</b>
26.	UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances	Ratification: 25.10.1991 No reservations	<b>All country reports submitted</b> Monitoring body reviewing is fulfilled by UN Office on Drugs and Crime (UNODC).
27.	UN Convention against Corruption	Ratification: 31.08.2007	<b>All country reports submitted</b> Monitoring body reviewing is fulfilled by UN Office on Drugs and Crime (UNODC). For Pakistan's most recent review, no summary information is publicly available yet.



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

- \* The Government of the Islamic Republic of Pakistan reserves its right to attach appropriate reservations, make declarations and state its understanding in respect of various provisions of the Covenant at the time of ratification. The Government of Pakistan declares that the provisions of Article 3 of the International Covenant on Civil and Political Rights shall be so applied as to be in conformity with Personal Law of the citizens and Qanoon-e-Shahadat. The Government of the Islamic Republic of Pakistan states that the application of Article 25 of the International Covenant on Civil and Political Rights shall be subject to the principle laid down in Article 41 (2) and Article 91 (3) of the Constitution of Pakistan.
- \*\* Pakistan, with a view to achieving progressively the full realization of the rights recognized in the present Covenant, shall use all appropriate means to the maximum of its available resources. Pakistan objects to the declaration made India in respect of article 1 of the International Covenant on Economic, Social and Cultural Rights and article 1 of the International Covenant on Civil and Political Rights. The right of Self-determination as enshrined in the Charter of the United Nations and as embodied in the Covenants applies to all peoples under foreign occupation and alien domination. Pakistan cannot consider as valid any interpretation of the right of self-determination which is contrary to the clear language of the provisions in question. However this objection and reservation shall not preclude the entry into force of the Covenant between the Islamic Republic of Pakistan and India without India benefiting from its reservations.
- \*\*\* The Government of Pakistan declares that it does not consider itself bound by paragraph 1 of article 29 of the Convention.
- \*\*\*\* The Government of Pakistan declares that pursuant to Article 8, paragraph 2, of the Convention, it does not take this Convention as the legal basis for cooperation on extradition with other States Parties. In accordance with Article 28, paragraph 1, of the Convention, the Government of Pakistan hereby declares that it does not recognize the competence of the Committee provided for in Article 20. The Government of Pakistan does not consider itself bound by Article 30, Paragraph 1 of the Convention. The Government of Pakistan reserves its right to attach appropriate reservations, make declarations and state its understanding in respect of various provisions of the Convention.

Following the adoption of the 18th Constitutional Amendment in 2010, substantial power has been devolved to the provinces. This has created challenges, notably in terms of legislation, coordination and reporting. Although the provinces have received greater power in key areas for GSP Plus, their lack of capacity, including when it comes to collecting relevant data and statistics, remains a cause for concern. Basic information, for example the size of the population, the number of children going to school or the size and composition of the work force, is missing, and a national census is long overdue. At the same time, devolution offers opportunities to better adapt legislation and supportive measures to specific needs and realities. The government has established a GSP Plus task force and treaty implementation cells (TIC) at federal and provincial level, with the task of coordinating monitoring and implementation. Awareness of GSP Plus varies between provinces and sectors.

The year 2013 saw the first ever transfer of power from one democratically elected government to another. Over the last years, Pakistan has suffered a lot, as it has witnessed a deteriorating security situation, and the state and notably the military is heavily engaged in a 'war against terror'. Large-scale military and security operations have been launched in FATA and Karachi. In the framework of the national action plan to fight terrorism adopted after the terrorist attack against a school in Peshawar in December 2014, the parliament has also adopted constitutional and legal amendments, including a temporary widening of the mandate of military courts to try civilians accused of terrorism, and a lifting of the moratorium on executions in place since 2008.



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

While the menace of terrorism and the decision to fight it create constraints and may shift the attention to what some may consider being more urgent issues, the need to respect, protect and promote human rights remains as acute as ever. The civilian leadership must be able to make the adequate policy decisions to ensure effective implementation of international and domestic commitments. Legislation adopted to protect citizens from violence and ensure the security of state institutions must not compromise human rights. Respecting, protecting and promoting human rights can be an effective tool to address root causes of extremism and militancy, e.g. by ensuring that all children, through access to education, become aware of human rights issues and grow up with tolerance and appreciation of plurality in terms of gender, ethnicity, nationality, religion or sexual orientation. Both terrorism and the fight against it — through military operations in remote areas with little civilian oversight, poor and unequal rule of law, restrictions on media freedom, and shrinking space for civil society or restrictions on the individual rights of citizens — bring additional and specific human rights challenges that require immediate attention. Pakistan hosts a large number of refugees and is a country of origin and transit of migrants to the EU. The EU-Pakistan Readmission Agreement has been in force since December 2010. Pakistan and the EU are currently discussing strengthening their cooperation to implement this Agreement.

Pakistan has ratified all seven UN Human Rights Conventions as demanded by the GSP Plus regulation and maintains ratification. The Convention on the Prevention and Punishment of the Crime of Genocide does not foresee country reports or a specific monitoring mechanism. After some delays, Pakistan is now up to date with its reports on CEDAW, CRC, ICCPR, ICESCR and CERD. Pakistan submitted its initial report on CAT on 4 January 2016.

A cross-cutting issue, not restricted to human rights, is the poor implementation and enforcement of legal safeguards provided for in the constitution and in domestic legislation. Problems related to implementation are multifaceted and include prejudice and entrenched stereotypes, for example on the role of women, running contrary to basic human rights, the weakness of state institutions (notably the police and the judiciary), and the legal uncertainties and capacity gaps emanating from the devolution of power through the 18th Amendment. Altogether, this means that the work done to adopt new legislation may not always translate into tangible improvement on the ground.

Pakistan has ratified all eight International Labor Organization (ILO) core conventions, and maintains ratification. Pakistan complies with all its reporting obligations under these conventions. Pakistan is estimated by ILO to have the ninth largest workforce in the world, but a relatively low labor marked participation rate, with only 51 % of the population aged 15-64 employed, totaling around 60 million. Most employment is found in the informal sector (estimates range between 70 and 80 %, and formal employment is limited to a few sectors, in particular oriented towards exports, including textiles, leather and footwear. In the informal economy agriculture is by far the largest source of employment. The rate of unionization is very low. Pakistan has ratified 36 ILO conventions, including the eight core ILO conventions which are in the scope of GSP+ monitoring. Following the adoption of the 18th Amendment to the constitution in 2010, the responsibility for implementation of labor standards has been devolved to provincial labor departments, with the federal oversight allocated to the Ministry for Overseas Pakistanis and Human Resource Development.

Despite some good progress, Pakistan continues to be confronted with a number of pressing issues with regard to protection of labor rights. This relates to both the adoption of the still outstanding legislation at provincial level and most importantly to improving the implementation of existing and new legislation. This pertains to all areas of the eight conventions. Trade union density and collective bargaining coverage remain very low. Only a small fraction of labor is unionized in Pakistan, and there are still significant challenges for the unions to register and to freely promote the rights and interests of their members, including through strikes. While



## HARNESSING BENEFITS OF GSP PLUS: OPPORTUNITIES CHALLENGES & WAY FORWARD

bonded labor is illegal in Pakistan, there are still millions enslaved according to the 2014 Global Slavery Index. In addition, child labor is prevalent in all provinces; in Khyber Pakhtunkhwa alone there are approximately 1.5 million children laborers according to the Society for the Protection of the Rights of the Child (Islamabad). The gender gap also remains significant, and action is required to improve women workers rights. The priority should be to stay the course and to strengthen the on-going efforts demonstrated in the first 2 years of GSP + implementation to address these shortcomings.

Pakistan has ratified all GSP+-relevant conventions on environmental protection and climate change, and maintains ratification. Pakistan complies with all reporting requirements, with the exception of:

- CITES — lack of compliance (biennial reports for 2003-2004, 2005-2006, 2009- 2010);
- Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and Their Disposal — lack of compliance (reports for 2008, 2010 and 2011 due);
- Cartagena Protocol on Biosafety — 1st and 3rd National Reports due;
- Stockholm Convention on Persistent Organic Pollutants — non-compliant (no reports submitted to date).

Pakistan ratified the three United Nations Conventions on Narcotics Drugs, on Psychotropic Substances, and against Illicit Traffic in Narcotic Drugs and Psychotropic Substances respectively on 9 July 1965, 9 June 1977, and on 25 October 1991. Pakistan ratified UNCAC on 31 Aug 2007. It has maintained ratification of all four conventions.

Pakistan is a full member of the Convention against Corruption and is among the first countries which signed the convention in 2003. It was ratified in August 2007. Reviewing is carried out by the UNODC Implementation Review Group, the convention's monitoring body. The first UNCAC review of Pakistan is currently under way, and no conclusions or summaries have yet been made public.

The government of Pakistan continues its efforts to counter drug trafficking and drug abuse by improving skills of law enforcement agencies with international cooperation as well as better intelligence sharing in the region. Pakistan still suffers of weaknesses in its capacity to monitor illicit activities while at the same time ensuring their availability for medical and scientific purposes. In this regard, the Narcotics Control Division and the Drug Regulatory Authority of Pakistan (DRAP) need to work hand in hand. Demand reduction is a key goal of the national narcotics policy, but a survey to drug abusers needs to be carried out to assess the scope of the problem.

While efforts to implement the commitments under the UN convention against Corruption have improved through a strengthening of the National Accountability Bureau (NAB) the challenges are still considerable. Efforts hinge mainly on the NAB and are not mainstreamed across government systems. Pakistan continues to rank low on Transparency International's Corruption Perception Index. In 2014 the country was placed as number 126 out of a total of 176 countries forming part of the survey. Therefore, efforts must be reinforced. To this end the UNCAC review will provide important guidelines for how to proceed once its conclusions have been made public.