

EVALUATION AND FITNESS CHECK (FC) ROADMAP			
TITLE OF THE EVALUATION/FC	Interim evaluation of the Regulation (EU) No 978/2012 on a scheme of generalised tariff preferences (GSP Regulation)		
LEAD DG RESPONSIBLE UNIT	TRADE/D1	DATE OF THIS ROADMAP	2 May 2016
TYPE OF EVALUATION	Evaluation	PLANNED START DATE	1 st Q of 2016
	Interim	PLANNED COMPLETION DATE	4 th Q of 2017
	Mixed	PLANNING CALENDAR	http://ec.europa.eu/smart-regulation/evaluation/index_en.htm
This indicative roadmap is provided for information purposes only and is subject to change.			

A. Purpose

(A.1) Purpose
The purpose of this evaluation is to provide an evidence-based report which assesses the performance of Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008 ('GSP Regulation').
(A.2) Justification
Article 40 of the GSP Regulation requires the Commission to submit a report on the application of the regulation to the European Parliament and the Council by 21 November 2017. Moreover, recital 34 of the regulation provides that the Commission, in its report to Parliament and Council, should assess the need to review the present GSP scheme, which will expire on 31 December 2023. The present evaluation is intended to provide an evidence base for that report; and is necessary in order to allow for an assessment of whether the present (substantially reformed) GSP has been delivering on its objectives and of whether any adjustments to its legal basis are needed.

B. Content and subject of the evaluation

(B.1) Subject area
The EU's "Generalised Scheme of Preferences" (GSP) allows developing country exporters to pay less or no duties on their exports to the EU. This gives them vital access to EU markets and contributes to their economic growth (see http://ec.europa.eu/trade/policy/countries-and-regions/development/generalised-scheme-of-preferences/)
There are three main variants (arrangements) of the Scheme:
<ol style="list-style-type: none"> 1. the standard/general GSP arrangement, which offers generous tariff reductions to poorer developing countries. Practically, this means partial or entire removal of tariffs on two thirds of all product categories. 2. the "GSP+", which offers enhanced preferences (meaning full removal of tariffs) on essentially the same product categories as those covered by the general arrangement. These are granted to countries which ratify and implement core international conventions relating to human and labour rights, environment and good governance; 3. the "Everything but Arms" (EBA) arrangement for least developed countries (LDCs), which grants duty-free quota-free access to all products, except for arms and ammunitions.
(B.2) Original objectives of the intervention
In the impact assessment prepared for the current GSP Regulation (SEC(2011) 537 final), the objectives were

described as follows (see pages 21-22):

General objectives:

1. To contribute to poverty eradication by expanding exports from countries most in need (G-1);
2. To promote sustainable development and good governance (G-2);
3. To ensure a better safeguard for the EU's financial and economic interests (G-3).

The specific objectives:

1. To better focus the preferences on the countries most in need (S-1);
2. To remove disincentives for diversification for countries most in need (S-2);
3. To enhance consistency with overall trade objectives, whether bilateral or multilateral (S-3);
4. To strengthen the support for sustainable development and good governance (S-4);
5. To improve the efficiency of safeguard mechanisms ensuring that the EU's financial and economic interests are protected (S-5);
6. To enhance legal certainty, stability and predictability of the scheme (S-6).

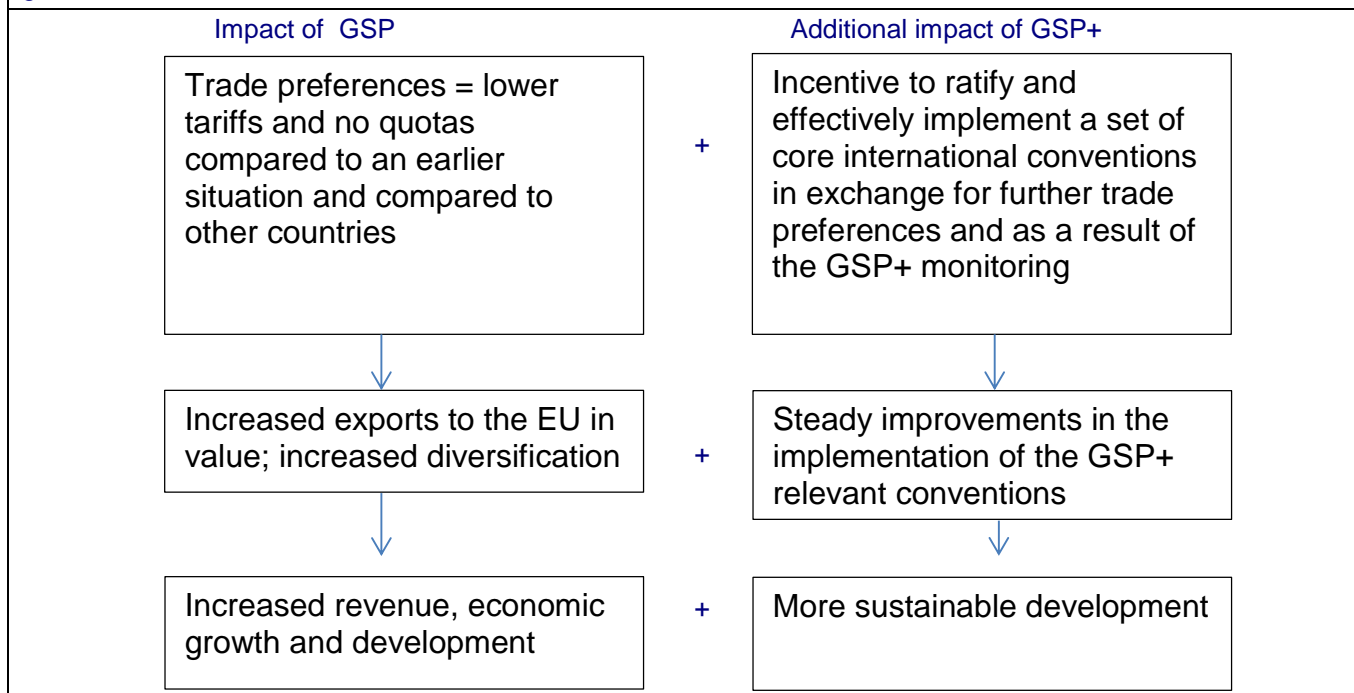
The operational objectives:

1. To revise the beneficiary country list by deferring benefits to those countries, which based on their development, financial and trade needs, no longer need the preferences;
2. To target graduation on the prime beneficiaries ensuring that GSP preferential rates are withdrawn from competitive products;
3. To simplify GSP+ entry mechanism;
4. To develop a more effective and transparent mechanism for monitoring and evaluating the GSP+ countries' commitment and progress in the implementation of GSP+ conventions;
5. To develop credible and efficient procedures for temporary withdrawal of the preferences and procedures for renewal of the preferences;
6. To improve the administrative procedures of safeguard mechanisms
7. To redefine product sections to reflect more homogeneous product categories.

(B.3) How the objectives were to be achieved

The objective of the GSP is to contribute to the development of developing countries through the granting of trade preferences. By providing preferential access to the Union market, the scheme aims to assist developing countries in their efforts to reduce poverty and promote good governance and sustainable development by helping them to generate additional revenue through international trade, which can then be reinvested for the benefit of their own development; and also, to diversify their economies. The scheme's tariff preferences are targeted towards developing countries with the greatest development, trade and financial needs.

GSP+ has the additional objective to encourage the beneficiary countries to ratify and effectively implement a set of core international conventions in the field of human rights, labour rights, environmental protection and good governance.



C. Scope of the evaluation/FC

(C.1) Topics covered

The evaluation covers every aspect of GSP, including all arrangements (general GSP, GSP+, EBA) and all beneficiaries, for the period since the entry into force of the present GSP Regulation (i.e. since 20 November 2012).

As for the geographical scope, the evaluation will examine impacts in the EU as well as in the beneficiary countries.

The evaluation will analyse economic, social, human rights and environmental impacts.

(C.2) Issues to be examined

In general terms, the evaluation will contain an assessment of:

- economic, social, human rights and environmental impacts in the beneficiary countries;
- the present GSP's effectiveness and efficiency in light of its objectives, including costs and benefits;
- possible unintended consequences associated with the implementation of the present GSP;
- the relevance of the scheme with respect to the developmental and other needs of developing countries;
- its coherence with EU foreign, trade and development policy and other policies;
- the potential for regulatory simplification and burden reduction both for the EU and the beneficiary countries.
- examination of infringements and abuses of the GSP system.

NB. EU added value will not be included in the evaluation, since the scheme falls under the EU's exclusive competence for the common commercial policy (TFEU Art. 3(1)e)

As stated above, recital 34 of the GSP Regulation states that the Commission should assess the need to review the GSP scheme, including GSP+ and temporary withdrawal provisions of tariff preferences, taking into consideration, i.a., the fight against terrorism and the field of international standards on transparency and exchange of information in tax matters. The evaluation should also take into account the implications of the scheme's application for development, trade and financial needs of beneficiaries. It should include a detailed analysis of the impact of the GSP Regulation both on trade and on the Union's tariff income, with particular attention to the effects on beneficiary countries. Recital 34 additionally foresees that where applicable, compliance with Union sanitary and phytosanitary legislation should also be assessed. Furthermore, the evaluation should include an analysis of the effects of the scheme with regard to imports of biofuels and sustainability aspects.

On the basis of this evaluation, the Commission should assess the need to review the current GSP scheme.. Depending on the conclusions of that assessment, the present evaluation will provide a source of evidence for a possible impact assessment of any proposal to renew and/or to modify the current GSP scheme, which according to the GSP Regulation, will expire in 2023.

(C.3) Other tasks

As part of the study which will be commissioned to support the evaluation, the contractor will be asked to review and if necessary, to revise the intervention hypothesis which underpins the EU's GSP scheme.

D. Evidence base

(D.1) Evidence from monitoring

Raw trade statistics are available in Eurostat. Statistics processed by Commission Services will be provided to the external contractor who will carry out the evaluation.

Some qualitative and quantitative data on the development of beneficiary countries are publicly available: eg. World Bank data, WTO data, OECD data or the reports of the relevant UN and ILO monitoring bodies.

(D.2) Previous evaluations and other reports

The first biennial report on the effects of GSP: Joint Staff Working Document *The EU Special Incentive Arrangement for Sustainable Development and Good Governance ('GSP+') covering the period 2014 – 2015* accompanies the document *Report from the Commission to the European Parliament and the Council Report on the Generalised Scheme of Preferences during the period 2014 – 2015* {COM(2016) 29 final}

<p>(http://trade.ec.europa.eu/doclib/html/154178.htm). This document provides a mostly qualitative assessment focused on GSP+ and covers only the period 2014-2015.</p> <p>Recent study on the <i>Assessment of economic benefits generated by the EU trade regimes towards the developing countries</i> - Directorate-General for International Cooperation and Development, EU Development Policy and International Cooperation, Policy and Coherence, Economic Analysis Team; June 2015 (http://trade.ec.europa.eu/doclib/html/153595.htm) had a similar objective as this evaluation, but mainly concerned the period before the entry into force of the current GSP Regulation.</p> <p>An evaluation by CARIS (2010) provided evidence to support the impact assessment (2011) of the present GSP scheme (Mid-term Evaluation of the EU's Generalised System of Preferences http://trade.ec.europa.eu/doclib/docs/2010/may/tradoc_146196.pdf)</p> <p>The impact assessment itself (<i>Impact assessment accompanying a proposal for a regulation of the European Parliament and the Council on applying a scheme of generalised tariff preferences</i> (SEC(2011)536)) can be found here:http://ec.europa.eu/smart-regulation/impact/ia_carried_out/docs/ia_2011/sec_2011_0536_en.pdf</p>
(D.3) Evidence from assessing the implementation and application of legislation (complaints, infringement procedures)
Order of inadmissibility of 27 January 2015 in Case T-338/14 - <i>Unione nazionale industria conciaria (UNIC) v European Commission</i> .
(D.4) Consultation
<p>The objective of these consultations is not only to collect information, ideas and opinions from the different stakeholders, but also to raise awareness of GSP.</p> <p>Possible target stakeholders groups are: a) the business sector in the EU and in the beneficiary countries, including business associations and employers' organisations, companies, SMEs, national and European chambers of commerce; b) NGOs, profit and non-profit organisations, trade unions; c) governmental agencies, ministries, regional authorities and international organisations d) think-tanks, universities, research institutes, consultancies, academia, law firms, which are directly or indirectly affected by the implementation of the GSP Regulation; e) citizens.</p> <p>The tools to be used to reach the stakeholders include:</p> <ul style="list-style-type: none"> - a public consultation expected to take place during the first half of 2017; it will cover the main elements of the evaluation - targeted stakeholder consultations. These consultations are foreseen to take place during the first half of 2017 and will have the following forms: interviews, surveys, roundtables, etc. - other tools might be proposed where deemed appropriate, in the course of the evaluation study, depending on the level of information needed.
(D.5) Further evidence to be gathered
N/A

E. Other relevant information/ remarks

An external study will support this evaluation and will be carried out by an external contractor under DG Trade's framework contract for evaluations.