

GSP+ is by far a much better option for Ghana than implementing its interim EPA

Jacques Berthelot, SOL, October 11, 2016

According to the last European Commission' GSP presentation of December 2014¹ and the fact that Ghana fulfils all the necessary conditions to apply for GSP+ – signature or ratification of the 27 international conventions required by the EU² and compliance with the criteria of economic vulnerability³ – it is clear that asking to the EU the benefit of GSP+ would be by far a much better option than implementing its interim EPA it has already ratified. For the following reasons:

- To benefit from the Standard GSP, countries must not previously have been classified for 3 consecutive years as upper-middle (more than \$4,126 per capita). Ghana average GNI (gross national income) per capita from 2013 to 2015 was only of \$1,603 and was falling (from \$1,740 in 2013 to \$1,590 in 2014 and \$1,480 in 2015).
- As stated in the DG Trade's paper "*In fact, product coverage under the standard GSP is already very high: 66% of the EU tariff lines. If 25% of other lines which are already at 0% normal (MFN) duty are added, only 9% tariff lines (mostly agricultural products) are today outside the GSP*". While the Standard GSP grants tariff reductions or suspensions to developing countries on about 66% of EU tariff lines, the GSP+ offers additional advantages through complete duty suspensions for essentially the same goods.
- The “graduation” of competitive sectors such as textiles, chemicals, leather products in general and specifically cocoa products (chapter 18 of the Harmonized System) for Ghana, implying that these sectors would be submitted to MFN tariffs instead of GSP, does not apply to GSP+ countries.
- The end result is that, when Ghana exports to the EU28-UK had to pay €55.9 million in 2015 to the EU-UK under GSP + MFN (for cocoa products), it would have had to pay only €5.030 million, less than ten times, with GSP+ because most EU sensible agricultural products for GSP (€43.152 million) are duty free for GSP+ (3.648 million). The most sensitive GSP+ are fruits (fresh bananas only) for €2.851 million, vegetables (mainly yams) for €0.701 million and milling products for €78,788. The only non-agricultural sensitive product for which Ghana would have to pay GSP+ duties is aluminium (HS chapter 76) for €1.382 million.

If you compare this tiny annual export duties of €5.030 million without EPA with the huge annual losses of import duties from the EU28-UK (€367 million in T20, 2035) plus on its exports to the other WA countries (€2.137 billion) there is clearly no competition.

¹ http://trade.ec.europa.eu/doclib/docs/2014/november/tradoc_152865.pdf

² The list of the 27 conventions is given at the end of the EU Commission's assessment report of GSP+ countries of January 2016 and the signature or ratification can be checked on specific UN bodies: [https://eeas.europa.eu/delegations/costa_rica/documents/eu_costa_rica/european_commission._\(2016\)._report_on_the_generalised_scheme_of_preferences_during_the_period_2014-2015..pdf](https://eeas.europa.eu/delegations/costa_rica/documents/eu_costa_rica/european_commission._(2016)._report_on_the_generalised_scheme_of_preferences_during_the_period_2014-2015..pdf);

[https://treaties.un.org/Pages/TreatyParticipantSearch.aspx?clang=_fr](https://treaties.un.org/Pages/TreatyParticipantSearch.aspx?clang=_fr;);

http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:103023;

<https://cites.org/eng/disc/parties/chronolo.php>

³ Confirmed by an e-mail of 13 June 2016 of Ms Kinga Malinowska of DG Trade.