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Bangladesh apparel products may not get GSP Plus

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A file photo shows a worker sewing clothes at a garment factory on the outskirts of Dhaka. Experts and exporters fear that if the proposed EU generalised scheme of preferences for 2024-34 is implemented, Bangladesh's readymade garment and textile products may not get duty-free benefits under the GSP Plus system in the European market. —

New Age photo

Experts and exporters fear that if the proposed EU generalised scheme of preferences for 2024-34 is implemented, Bangladesh's readymade garment and textile products may not get duty-free benefits under the GSP Plus system in the European market.

They said that after graduating from the least developed country to a developing one, it would be difficult for Bangladesh to comply with some of the provisions of the proposed EU GSP scheme.

Experts and exporters urged the government to work with the EU to remove the provisions from the proposed scheme, which might be restrictive to Bangladesh apparel and textile products for availing duty benefits under the GSP Plus.

The European Commission on September 22 unveiled the new legislative proposal for the new EU GSP regulation for the period 2024-2034 that might be passed in the EU parliament in September-October in 2022.

'As per the provisions set out in the newly proposed GSP provisions, it seems that Bangladesh is now likely to qualify for GSP+ after its LDC graduation but the specified EU "safeguards" would exclude the country's clothing exports from any tariff preferences,' Policy Research Institute of Bangladesh director Abdur Razzaque told New Age on Saturday.

He said that in the newly proposed EU GSP, the EU had removed the import share criterion for accessing GSP+, which would not have allowed Bangladesh to benefit from GSP+.

As an LDC, Bangladesh is enjoying duty-free market access in the EU under Everything But Arms scheme.

Under the existing GSP scheme Bangladesh is not eligible for applying GSP+ benefits in the EU as the country's share in EU GSP-covered imports are much higher than the required 7.4 per cent.

Although the new proposals have suggested removing the import share criterion, they have also specified that if the combined share of knitwear, woven and home textile items from a country exceeds 6 per cent of the total EU imports of the same products, safeguard measures would be triggered to remove duty-free market access for these products.

Razzaque said that Bangladesh's share in the total EU imports of clothing items was more than 13 per cent.

'So the safeguard clauses will be applicable to Bangladesh,' he said.

'With an apparel share higher than 6 per cent of the total EU imports, it would still be possible to obtain duty-free preferences if Bangladesh's share of S-11b products (HS 61+62+63) as percentage of all EU GSP-covered imports of the same products were less than 37 per cent,' he said.

However, the corresponding Bangladesh share was estimated to be almost 50 per cent, Razzaque said.

He said that Bangladesh would benefit from GSP+ preferential access.

However, its apparel items would face most favoured nation tariff rates in the EU, he said.

'That is, if the proposed rules remain unchanged, the average tariff rate on apparel exports from Bangladesh to the EU will rise from the currently zero to on average close to 12 per cent,' Razzaque, also the chairman of Research and Policy Integration for Development, said.

He said that apparel exporters had already discussed the issue with the government and requested it to take proper diplomatic initiatives to ensure duty-free market access for apparel products in the EU under GSP+ after the graduation of the country from the LDC to developing one.

He said that Bangladesh should now engage with the EU so that the restrictive EU safeguard provisions could be removed to allow Bangladeshi apparel exporters to continue to get benefits from duty-free market access under the GSP+.

'The proposed EU GSP regulation for the period 2024 2034 is fearsome for the Bangladesh apparel and textile sector,' said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

He said that in the proposals, there were many provisions which would limit the facility for Bangladesh in the EU markets.

'It would not possible for Bangladesh to fulfil many of the conditions in the new GSP proposals and our apparel and textile products may not get facility under the GSP+,' Hatem said.