



Report of the Stakeholder Outreach Workshop on the Mid-Term Evaluation of the EU's Generalised Scheme of Preferences (GSP)

Hotel Camino Real, La Paz, Bolivia
25 April 2017, 8:30-18:30

Objectives of the Workshop

To bring together stakeholders from the national and regional administrations, businesses, and social organizations in Bolivia to disseminate information about the EU's GSP+; to discuss the preliminary findings of the Mid-Term Evaluation with respect to Bolivia; and to provide stakeholders with the opportunity to share their views on the impact and application of the GSP+ in Bolivia with high-level officials from the European Commission and the Project Team.

Main Points of Discussion

The following are the key points raised by speakers and panellists (sequenced according to the Workshop Agenda). The Outreach Workshop was chaired throughout by Mr. Ignacio Reneses, Senior Expert, DEVELOPMENT Solutions Europe Ltd.:

- **Opening Remarks – H.E. Mr. León de la Torre Kraus, Ambassador and Head of the Delegation of the European Union in Bolivia**
 - Trade has been put on the table as an axis in the relationship between the EU and Bolivia;
 - The GSP has been designed to support vulnerable developing countries, including Bolivia;
 - There has been continuous dialogue between the EU and Bolivia on social and environmental progress evident in Bolivia;
 - Bolivia has not yet taken full advantage of trade preferences under the GSP. Bolivia's exports to Europe are still relatively low. However, there is still potential to expand exports and take full advantage of opportunities;
 - Europe accounts for almost 25% of global GDP. Undoubtedly, there is demand for Bolivian exports in the EU market;
 - There is need for a mutually beneficial and solid trade relationship to consolidate medium and long term objectives;
 - Bolivia does not have a trade agreement with the EU like other countries of the Andean Community. The ultimate goal is to include Bolivia in the network of regional treaties to further strengthen the EU-Bolivia relationship.

- **Key Note Speech - Mr. Sergio Alberto Fernández, Chief, Regional Integration Unit, Ministry of Foreign Affairs, Bolivia** (on behalf of Mr. Horacio Usquiano Vargas, Director General, International Economic Cooperation, Ministry of Foreign Affairs, Bolivia)



- Qualitative improvements have been observed as a result of increased monitoring activities in various sectors. The incentive system entrenched in the GSP+ system seems to be working;
- The EU is a large market where consumers typically demand non-traditional Bolivian exports such as cereals;
- It is important that information exchange and stakeholder sensitization programmes are promoted in order to improve the GSP+ scheme at the country level.

- **The EU's GSP and GSP+: Explaining the GSP Regulation: Mr Richard James, Policy Analysis Coordinator, Directorate General for Trade, European Commission**
 - The EU's GSP scheme is framed within the obligations of global trade agreements. The objectives of the GSP scheme are to help countries most in need to generate greater income, and to invest this income into development. This is achieved by granting tariff preferences on certain products in an effort to promote economic development.
 - The GSP+ grants additional incentives to countries whose economies are identified as vulnerable in order to support them in fulfilling the obligations of 27 United Nations conventions on core human rights, labour rights, environmental protection, and governance principles.
 - Since the introduction of the EU's GSP Scheme, there have been several revisions to the implementing regulation. The latest changes, introduced in 2014, reduced the number of beneficiary countries to focus on the countries most in need, in order to make the entire system more efficient.
 - The objective of the workshop is not only to disseminate information but to gather information on the impact and application of the GSP+ in Bolivia
 - The European Commission continuously monitors the scheme. The Workshop aims to promote dialogue on the effectiveness of the system from the point of view of those who benefit.

- **The GSP Evaluation: Objectives and Methodology – Ms. Emily Hemmings, Project Manager, GSP Evaluation**
 - The objectives of the EU's GSP are three-fold: to contribute poverty eradication; to promote sustainable development and good governance; and to safeguard EU's financial and economic interests.
 - Rationale for GSP Reform: To better reflect the current global landscape; to focus on the countries most in need; and to reduce the erosion of preference margins. Current GSP Regulation – Regulation (EU) No. 978/2012 – in force since 1 January 2014.
 - The Project Team will assess the current GSP scheme on its effectiveness, efficiency, coherence and relevance. Key questions that the Evaluation seeks to address include:
 - To what extent are the objectives of the GSP on track to be achieved?
 - What has been the impact of the GSP in developing countries?
 - What unintended consequences have been witnessed?
 - To what extent is the current GSP efficient?
 - To what extent is the current GSP scheme relevant to the development needs which it is intended to address?
 - Both quantitative and qualitative analyses on the functioning of the current GSP Regulation are to be undertaken. Quantitative analysis based on previous studies using updated trade and tariff data; case studies on specific EBA (Bangladesh and Ethiopia) and GSP+ (Pakistan and Bolivia) countries as well as on key sectors (textiles and machinery); economic analysis to capture preference utilisation rate, diversification, real income



indicators, among others; social and environmental analysis to cover indicators such as good governance, poverty reduction, women equity, climate change, among others.

- Possible areas of recommendation include the facilitation of improved benefits to beneficiary countries; the improvement of GSP utilisation rate; a revision of preference margins; and a review of the conventions covered for GSP +.
- Stakeholder engagement via questionnaires, interviews/meetings, online public consultation, civil society dialogues, workshops, social media and website interaction.

- **The GSP +: The Bolivian Perspective: Mr. Sergio Alberto Fernández, Head of the Regional Integration Unit, Ministry of Foreign Affairs**

- Tariff reductions under the GSP+ arrangement are major incentives for beneficiary countries. Additional commitments to implement UN conventions cover a wide range of sectors, and serve to further drive development.
- It is important to reflect on how to take greater advantage of the GSP+. Currently, GSP+ exports are concentrated in 8% of tariff lines, which leaves a wide margin for improvement. Most imports attract MFN duty-free rates as preferential margins have been completely eroded.
- Products that benefit most and have significant potential in the European market to meet the high demands of consumers are quinoa and chia seeds. Other products with significant export potential include leather, jewellery, alcohol, fuel oil, among others.
- The government has created a "scorecard" for monitoring the conventions and improving deficiencies. A list of issues explaining the reasons for non-compliance has been identified and possible steps to be taken.
- Violations of human rights are noted in the following areas: discrimination against women due to their ethnic origin; abusive use of pre-trial detention; violence against women; marginalization; child labour in hazardous work; and child abuse.
- Violation of labour rights are noted in the following areas: existence of forced labour; the amendment of the legislation for equal pay; prohibition of child labour and hazardous work for children; minimum age for employment; and adoption of national plans to combat child labour. Some of these violations are due to local customs and cultural norms, especially in what is regarded as child labour.
- Environmental issues: Failure to comply with the Convention on the Protection of Fauna and Flora (CITES) due to lack of national legislation to implement its obligations, outdated and / or lack of an action plan for the protection of biological diversity, failure to present reports. There has been much debate regarding the approval of internal regulations.
- Limitations concerning good governance: Need for national action on coca leaf issues to be in line with conventions; need to penalize active and passive bribery in the private sector; and need to amend legislation to improve the criminalization of illicit business activity.

Stakeholder Contributions in this Session

- The implementation of the conventions on core human rights under the GSP+ is a good way to introduce the debate on human rights to the Bolivian society.
- Chestnut and wood are important Bolivian exports. However, their production could be impacted by the implementation of the environmental agreements under the GSP+.
- Concerning the environmental agreements, there are rules that could affect the production of Brazilian nuts, since Bolivia is one of the main producers in the world.
- The negotiation of a trade agreement with the European Union is one of the focus areas of Bolivia's foreign trade agenda.



- It is important to know the number of tariff lines under which GSP+ preferences have been completely eroded and MFN duty-free rates apply.
- Chestnut production has declined significantly, resulting in job losses. Existing barriers must be identified and removed in order to take advantage of the export opportunities. Work is underway to create an export supply catalogue that identifies the specific products which could be potentially exported.
- The current Regulation is set to expire in 2023. After this period, based on the outcome of the Evaluation, the Regulation can either be continued in its current state or modified.
- It is important to resume negotiations for a trade agreement with the EU, exiting the GSP scheme altogether.
- The ILO and the Ministry of Labour are requested to collaborate more concerning the implementation of the conventions related to the GSP+.
- Non-tariff barriers make it difficult for Bolivian exports to access the GSP. It would be a good idea to evaluate these rules in order to identify why they are the main barriers that developing countries have to overcome in order to gain access to the European market.

- **GSP+: Preliminary Results and Introduction to the Case Study of Bolivia: Mr. Ignacio Reneses, Specialist, GSP Evaluation Project**
 - The GSP emerges in the context of multilateral and regional free trade agreements.
 - The Project Team is conducting an in-depth qualitative and quantitative assessment of the economic, social, human rights, and environmental impacts of the EU's GSP on its beneficiary countries. Contributions from stakeholder discussions in the workshop as well as input from other consultation activities will be incorporated into the Final Report.
 - Bolivia was the sixth largest beneficiary of the GSP+ scheme in 2014, and accounted for approximately 1.6% of all GSP + imports. It has a low coverage rate: 14.3% in 2015
 - The EU market is the fourth largest destination of Bolivian exports: 10.62% of its global exports in 2016.
 - Relatively limited export diversification: mineral resources accounted for more than 75% of Bolivian exports to the EU in 2016. A significant percentage of exports enter into the EU under MFN duty-free rates. As a result of this, there is no incentive for these goods to be exported under the GSP+ scheme as preferential margins have been completely eroded.

- **Discussion and Feedback Segment on the Economic and Trade Impact of GSP + in Bolivia: Moderated by Mr. Wilfredo Rojo, President of the Chamber of Exporters, Logistics and Investment Promotion, Santa Cruz**
 - Complying with obligations to retain tariff preferences mostly depends on the commitment of the government. However, employers bear the brunt of lost preferences.
 - Business relationships tend to be long-term. Frequent revisions to the scheme, however, may lead to uncertainty.
 - Meeting SPS and TBT standards may be, in some cases, more expensive than paying duties. Some standards do not guarantee quality but only describe the product. Certificates of origin have been difficult to obtain due to time and money constraints.
 - There is a lack of coordination between the government and private companies in terms of obtaining and implementing standards to access the European market. The lack of momentum and response from the government cause companies to lose interest in applying for GSP preferences because of the complexity and the long time needed to meet the requirements.
 - Entrepreneurs should be more involved in mechanisms to work jointly in order to overcome trade barriers.
 - The business sector largely supports a trade agreement with the European Union.



- It is also necessary to target SMEs that can create many formal and permanent sources of employment with relatively less exports (less than 1 million euros).
- **The Development Impact of GSP+ on Bolivia: Ms. Mireya Villar, Representative from the UNDP in Bolivia (on behalf of Mr. Mauricio Ramírez, Resident Coordinator of the United Nations System in Bolivia)**
 - There are developmental tasks to be completed in the collaboration programme between the UNDP and the Government of Bolivia for the period 2018-2022.
 - Both the Agenda Patriótica and the National Development Plan aim to reduce poverty and inequalities. There is a more inclusive and participatory vision of state with proposals of democratic and economic concepts different from the traditional ones.
 - The process of consolidating the plurinational state incorporates proposals that interest the United Nations: intercultural democracy that recognizes the collective rights of indigenous peoples and a constitution that promotes an autonomous and decentralized State.
 - Over the last 10 years, there have been significant improvements in social issues owing to well-focused social policies and prudent management of the economy, as well as a favourable international environment. The increase in public investment and the reduction of extreme poverty is worth noticing.
 - A new process is emerging that is influenced by economic changes at a global level and slows down the implementation of social policies. Not only should reforms be deepened, but also those who have emerged from poverty should be protected as they remain vulnerable in the event of a crisis.
 - However, this process of transformation has not impacted everyone equally. High inequalities still exist between urban and rural populations.
 - Data is insufficient to generate effective public policies in rural areas.
 - Both rural and urban areas have shown an increase in poverty as populations are vulnerable to crisis.
 - 50% of the rural population is exposed to extremely vulnerable environment and weather changes.
 - 65% of women living in rural areas are poor. There has not been much progress in the area of gender equality, especially at the economic level. The wage gap between women and men has increased.

Stakeholder Contributions in this Session

- Bolivia has lost its market share for traditional textiles in the EU market as a result of the high cost of exports as well as shortage of raw materials and technical specifications.
- There are differences amongst the GSP arrangements that are offered by major developed countries. It was noted that the textile sector did not survive after losing GSP preferences from the United States. Unfortunately, it was unable to engage properly with the EU's GSP.
- Preference usage is more affected by internal rather than external problems. Certificates of origin are more expensive when they are provided by public and non-private entities. This has increased the time and the costs for obtaining such certificates.
- It was proposed that the European Union improve the system for the issuance of certificates of origin as is done in countries which facilitate importation for exporters who have an established record.
- Poverty has increased in areas where only natural resources like quinoa and chestnut are produced. In the manufactured sector, there are more value-added products and greater employment opportunities.



- There have been delays on the part of the government in providing tax returns to exporters. This had led to exports being more expensive.
- **The Social Impact and Human Rights of the GSP + in Bolivia: Ms. María Amparo Carvajal Baños, President, Permanent Assembly of Human Rights Bolivia**
 - There have been serious violations of human rights in Bolivia in the past. In recent times, the human rights situation has improved; however, there are still cases that have not been clarified.
 - The government has made important efforts to clarify some cases of human rights violations but has ignored others.
 - Some indicators reveal that the human rights situation has improved; however, some cases are not correctly reflected in the indicators. Therefore, full attention still needs to be paid to these issues.
- **Impact of GSP + on the Environment in Bolivia: Mr. Ignacio Reneses, Specialist, GSP Evaluation Project**
 - One key requirement as a GSP+ beneficiary is the ratification and effective implementation of eight Conventions on environmental protection and climate change.
 - Bolivia has ratified all the required Conventions. However, reports have identified three major problems: lack of financial, institutional and human capacities; infrastructural deficiencies for effective monitoring; and inadequate allocation of resources.
 - The following export sectors have had a major impact on the environment: mining, agriculture, leather industry and forestry.
 - Most mining activities are not properly regulated or monitored.
 - Heavy metal residuals from mining lead to soil, air and water pollution.
 - There has been large-scale (latifundio) planting process for export, which has increased the use of chemicals and pesticides and soil degradation
 - Intensive use of chemicals and fertilizers: increase of 13% between 2011-2014
 - Monocultures contribute to soil and water degradation
 - Slash and burn agriculture leads to deforestation
 - Increase in the price of quinoa – a traditional staple food - due to high international demand. As a result of these high prices, traditional communities have reduced their demand for quinoa.
 - The leather and wood industries have demonstrated a relatively good response to the control of their harmful effects on the environment.
- **Ensuring Stakeholder Input into the GSP Evaluation: Concerns, Progress and Opportunities – Panel discussion with speakers from Industry, Unions, Environment, Human Rights and Government**

Contribution from Ms. Shirley Viaña, Director of the National Export Verification Service

- SENAVEX is the official entity issuing certificates of origin and unique exporter registration, as well as it is responsible for advising Bolivian exporters. One of the objectives of SENAVEX is to support importers and exporters.
- The central government is seeking to increase the level and diversification of exports using support mechanisms for exporting companies. They are also seeking to increase the level of available information about tariff preferences.
- SENAVEX has been working on the implementation of a virtual platform that seeks to reduce paperwork and documentation duration for exporters and increase the speed of



access to information. This tool also serves to increase interoperability between agencies and organizations linked to trade.

- Bolivia is seeking to standardize its system of registration of exporters (Unique Registry of Exporters - RUEX), making it similar to the REX of the European Union (Registered Exporters System). The compatibility of the Bolivian customs management system is a major obstacle in this process. Therefore, it is important to implement programs that include case studies from other countries as well as training for government officials and exporters.

Contribution from Mr. Javier Hinojosa Villegas, General Manager, National Chamber of Commerce of Bolivia

- The National Chamber of Commerce is involved in the promotion and implementation of programmes such as All Invest 5.0 (i.e. an EU-funded cooperation program in several Latin-American countries which promotes EU investment in the region)
- The greatest obstacle to maximizing the potential of the Bolivian export sector is the lack of competitiveness of its products on the international market, which affects the production capacity of Bolivian exporters.
- Another major obstacle is the absence of policies and direction from the Bolivian government on complying with and implementing the international agreements that have been ratified. Bolivian national policy has focused on strengthening domestic demand. No real emphasis has been placed on strengthening competitiveness.
- Smuggling of goods which are subsidised by the government and corruption both have negative impacts on productivity. Exports from other GSP+ countries directly compete with Bolivian exports in the EU market. For instance, Bolivian exports of textile and clothing face immense competition from Pakistan products in the European market, and other EBA competitors.
- In order to promote the use of the GSP+ amongst Bolivian entrepreneurs, it is recommended that SMEs and potential exporters benefit from training programmes.
- As it relates to human rights, the National Government and the National Chamber have policies on the prevention of child labour, promoting women's participation in political activities and gender equality, as well as increasing training and health standards policies.

Contribution from Mr. Paulo Bustillo, Representative of the Technical Secretariat of the Human Rights Community

- The Bolivian government must implement mechanisms in order to engage entrepreneurs and related entities in training processes that facilitate the implementation of GSP+ agreements.
- It is also recommended to analyse the peculiarities and specific challenges of each country that seeks to implement EU standards. In order to implement European standards in local processes, a more flexible mechanism should be utilized to promote exports so that companies can adapt in a smooth way.
- As it relates to child labour, it is extremely necessary to involve all actors. The role of the European Union in promoting the implementation of Conventions should be a mediator and an interlocutor amongst the private sector, the public sector, and civil society.

Stakeholder Contributions in this Session

- An increase in exports does not necessarily translate into development. Economic policies must be pursued so that the private benefits that are perceived through exports can be energized in the country's internal economy.



- The policies of the central government should seek to reduce restrictions that affect the competitiveness of firms, especially in relation to labour costs.

Closing Remarks: Mr Richard James, Policy Analysis Coordinator, Directorate General for Trade, European Commission

- The objective of the workshop was to publicize the work of the European Union in the evaluation and monitoring of the GSP, as well as to collect contributions from the actors involved in this process.
- There have been stimulating presentations where important aspects of the GSP+ have been discussed from the point of view of the government, the private sector, and civil society.
- The Project Team has retrieved stakeholder opinions on barriers to accessing GSP preferences, as well as the difficulties/challenges that various industries have faced when exporting to the EU.
- There has been evidence of substantial social progress in recent years, but challenges in the area of human rights.
- The European Commission and the Project Team have made a great effort to carry out this case study on Bolivia, as well as to include information that will be very valuable for the Final Report.
- The Directorate General for Trade of the European Commission is committed to promoting trade relations with its partners in the framework of respect for international treaties. Hence, good performance under the GSP + is a priority.