

EU extends GSP facility till Jan 1

POST REPORT

KATHMANDU, NOV 2

THE European Union (EU) has extended the Generalised Scheme of Preferences (GSP) for Nepal till Jan 1, 2014. Under the new scheme, Nepal will be exempted from duties on its exports to EU member countries. Nepal has been getting GSP facility in the EU market since 2001.

In a press release issued by the European Commission on Wednesday, Nepal has been placed in the group of 49 least developed countries under the "Everything But Arms" scheme. Under the provision, listed countries are provided facilities like duty-free and quota-free access to the

European market for all products except arms and ammunition. For the purpose, Nepal has been considered in the group of 10 Asian countries which includes Afghanistan, Bangladesh, Bhutan, Cambodia, Laos, Maldives, Myanmar, Timor-Leste and Yemen as the beneficiary countries.

Ratnakar Adhikari, chief executive director at the South Asia Watch for Trade, Economics and Environment (SAWTEE), said that traders should make efforts to benefit from the amended GSP. "The provision has created a good opportunity for exporters to the European market after the US terminated Nepal's most favoured nation status," he said. Highlighting increasing

exports of Nepali readymade garments to the European market, Adhikari added that exporters of other goods with export potential like woollen carpets and pashmina should endeavour to benefit from the new GSP.

Although the EU has been providing the facility since 2001, Nepali exporters have not been able to obtain the maximum benefit from it due to strict provisions related to the rules of origin. A study carried out jointly by SAWTEE and Action Aid Nepal some five years ago also concluded that exporters were not benefiting fully due to the strict conditions.

The amended GSP has simplified the rules of origin to benefit mainly the least

developed countries, as per the report. Earlier, only traders who shipped their goods directly to the concerned country in the EU were eligible to receive the GSP. In addition, they had to furnish lengthy paperwork.

Rajendra Singh, director of the GSP section at the Trade and Export Promotion Centre, said exporters could benefit from the new provision regarding the rules of origin as it has simplified export procedures.

Adhikari, however, stressed the need to focus on increasing the supply capacity, productivity and competitiveness in exportable products to cash in on the increasing market accessibility offered by the GSP.

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