

New Generalised System of Preferences (GSP)

-Regulation Proposal adopted by EU , May 2011

Commentary by the



**Irish Exporters Association
Submission
to
Department of Enterprise , Innovation and Jobs**

August 2011

The Irish Exporters Association(IEA) , representing 70% of export industry has reviewed the EU 's proposals for revising it's Generalised System of Preferences (GSP) , which the EU plans to implement on the 1st January 2014.

The IEA agree with the broad need to revise the existing system to take into account the extensive developments in world trade since the original scheme was introduced in 1971.

In particular the IEA agree with the EU proposal to 'concentrate GSP preferences on fewer countries , while keeping the product and preference margin coverage unchanged .

However, in looking at the countries whom the EU propose to drop from the GSP preference import tariff scheme , namely Russia , Saudi Arabia , Qatar, and Kuwait , we wish to advise that there could be some cost implications for Irish traders and the Irish economy .

In the case of Russia Ireland imported €159 million of goods in 2010 , of which 54% was Fertilisers , and 30% was gas product supply. Increases in import costs arising from the expected higher tariffs when entering the EU will impact on Irish agri-food producers .However, the Fertilisers imported from Russia account for only 9% of Irelands total imports of Fertilisers .Other sources of supply are still readily available form other countries . Hence , the IEA do not expect a major impact on Irish business competitiveness , as a consequence of the EU proposed changes in the countries listed for GSP preferences .

Minimal impact will also arise on any change arising from higher import tariffs on goods from Saudi Arabia where Ireland imported only €11 million worth of goods in 2010 , Qatar which supplied Ireland with €2 million in goods in 2010, or Kuwait which supplied Ireland with €511,000 of goods in 2010 .

The IEA in general agree with the EU proposal that the basis of the new GSP preferences should be ;

- The strengthening the effectiveness of trade concessions for Least developed Countries, and
- Increasing the predictability , transparency and stability by dropping the 3 year review period and introduce the new GSP preferences on an 'Open ended basis.'

END

