

**GSP+ scheme of EU, Country faces prospect of suspension**

ISLAMABAD: Pakistan may reportedly face possible suspension of trade incentives available under Generalized System of Preferences plus (GSP+) scheme of European Union (EU) if any "coercive" action is taken against France, well informed sources told Business Recorder. According to a reported agreement signed on a plain paper between the representatives of Government of Pakistan (GoP) and Tehreek-e- Labbaik Pakistan (TLP), the French ambassador may be expelled from Pakistan in two or three months, through a decision of Parliament, Pakistani ambassador to France recalled and a boycott of French products.

According to the GSP plus criteria, the EU can suspend the scheme any time, if it finds that the recipient country is not following the agreement in "letter and spirit."

Two weeks earlier, the EU and Pakistan held detailed discussions on strategic dialogue. The EU extended financial support of €150 million to help address the Covid-19 pandemic in Pakistan. And Pakistan has budgeted estimates of \$25.373 million project loan from France for 2020-21. France has disbursed \$25.3 million so far for different projects including \$21.14 million for Power Transmission Enhancement Investment (PR TR-IV) project which was not budgeted.

France disbursed \$0.30 million for 48 MW Jagran HPP-II, AJK and \$3.89 million for Rehabilitation of Mangla hydropower project in the current financial year so far. However, no amount has been disbursed of the \$21.18 million budgeted estimates for capacity building of AJK power development organization, 34.5 MW Harpo HPP Skardu (co-financing Kfw), extension of water resources Faisalabad city phase-II, Warsak hydropower project-II, Dargai HPP, Chitral hydropower project and Heritage & Urban Regeneration in Walled city of Lahore.

The government has also budgeted \$0.152 million grant as 'AFD Support to PPIB for tariff-based bidding and review of feasibility studies and capacity building', but no amount has been disbursed in the current fiscal year so far.

The EU's delegation to Pakistan and Ministry of Foreign Affairs of Pakistan have not offered comments on the agreement.

The EU has already started parlays on new criteria for GSP plus for the beneficiary countries from 2023. The GSP plus incentives available to Pakistan will expire in 2022 and Pakistan is hopeful that incentives will be extended after 2022.

Analysts argue that in the event that the government follows through with its agreement with TLP France and other European countries can also give a tough time at the FATF meeting scheduled to be held in February next year.

Pakistan imports from France were of \$420.09 million during 2019, according to the United Nations COMTRADE database on international trade. Pakistan's imports from France - data, historical chart and statistics – were last updated this month. The key items being imported from France are pharmaceutical products- \$ 110.21 million, machinery nuclear reactors, boilers \$ 53.04 million, organic chemicals, \$ 37.77 million, dairy products, eggs, honey, edible products, \$ 28.35 million, aircraft, spacecraft, \$ 26.44 million, miscellaneous chemical products \$ 18.87 million, electrical, electronic equipment \$ 18.61 million, iron and steel \$16.82 million, optical, photo, technical, medical apparatus \$ 16.80 million and plastic.

Earlier, a campaign was also launched in Islamic countries, including Pakistan, to boycott French products in response to highly unreasonable controversial comments made by French President Emmanuel Macron subsequent to the be heading of a teacher who had shown the blasphemous cartoons to his pupils. The data shows that Pakistan's exports to France were of \$442.48 million during 2019. Pakistan's exports to France during the first four months of current fiscal were recorded at \$ 127 million. France has also made investment in Pakistan in different sectors, including oil and gas sector.