

BLOC TO WITHDRAW LOW OR ZERO-DUTY CONCESSIONS UNDER GSP

Come Jan, EU may End Duty Benefits for 1,800 Products

Exports of plastics, machinery, mechanical appliances worth \$7.9b to be impacted

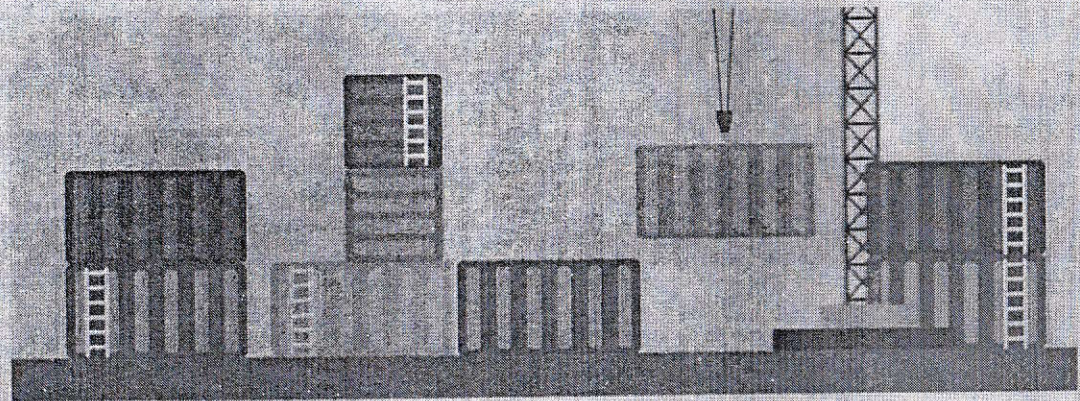
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New Delhi: India's exports of plastics, stone, machinery and mechanical appliances worth \$7.9 billion to the EU will no longer be eligible for low or zero-duty concessions from January 1, 2023 as the bloc would withdraw these benefits under the Generalised Tariff Preference Scheme (GSP).

Exports of almost 1,800 products of plastics, fur, stone, plaster, cement, asbestos, and machinery and mechanical appliances will cease to get the benefits and make Indian goods more expensive with exporters paying 6.5% duty for certain plastic products where the tariff is nil at present. Their exports to the EU in 2021 were \$7.9 billion.

"In these four sectors, the EU is a major export destination for India and holds around 22.58% share of India's total exports," said Ajay Sahai, director general, Federation of Indian Export Organisations.

Textiles, vehicles, chemicals and some leather products got excluded from the



EU GSP programme in 2014 after their exports crossed the specified threshold and haven't enjoyed the preferential treatment since then.

On June 29, the EU announced the withdrawal of GSP benefits for India in the four sectors from January 1, 2023 along with those for Kenya and Indonesia.

The current EU GSP system will expire at the end of 2023. Going ahead, for 2024-2034, the EU aims at a more effective system which delivers benefits to where they are needed and time toughens the

sustainable development criteria applicable to developing countries.

The withdrawal of GSP benefits by the EU countries for certain sectors will impact the export of these commodities to EU; one more reason for India to move fast on the India-EUFTA fast," said Bipin Sapra, partner at EY India.

Exporters have already raised the issue with the commerce and industry ministry as GSP is the only route to get tariff concessions as the India-EU free trade agreement is yet to be formalised.