

Online Appendix

June 2019

Read the Briefing Paper

This Appendix provides the details underlying the calculations presented in section 3 of the Briefing Paper, together with additional information on the membership basis of the Generalized System of Preferences (GSP) of the EU and the list of conventions that need to be ratified and implemented by GSP+ members.

1. Methodology

Here I present the details of the mechanical graduations and the vulnerability criteria calculations.

a. Mechanical graduations:

$$imp_sh_{j,c}^{EU,GSP} = \frac{1}{3} \sum_{y=2015}^{2017} imp_sh_{s,c,y}^{EU,GSP} \quad (1)$$

where:

$$imp_sh_{s,c,y}^{EU,GSP} = \frac{\sum_k EU_imp_{k,s,c,y}^{GSP}}{\sum_c \sum_k EU_imp_{k,s,c,y}^{GSP}} \quad (2)$$

$EU_imp_{k,s,c,y}$ denotes EU imports of product k , in section s , from beneficiary c in year y . The GSP superscript denotes the set of GSP eligible products. The same procedure has been applied to imports reported by the UK and the EU-27.

b. Vulnerability criteria:

i. Trade concentration:

$$div_c^{EU,GSP} = \frac{1}{3} \sum_{y=2015}^{2017} imp_sh_{cy}^{EU,GSP,7} \quad (3)$$

where

$$imp_sh_{cy}^{EU,GSP,7} = \frac{\sum_{s=1}^7 (\sum_k EU_imp_{k,s,c,y}^{GSP})}{\sum_s \sum_k EU_imp_{k,s,c,y}^{GSP}} \quad (4)$$

where the summation over s in the numerator of eq. (4) is done over the top 7 sectors of each country. $EU_imp_{k,s,c,y}^{GSP}$ denotes EU imports under GSP of product k , in section s , from

beneficiary c in year y . The same procedure is applied to imports reported by the UK and the EU-27.

ii. Size:

$$size_c^{EU,GSP} = \frac{1}{3} \sum_{y=2015}^{2017} imp_sh_{cy}^{EU,GSP} \quad (5)$$

where

$$imp_sh_{cy}^{EU,GSP} = \frac{\sum_s \sum_k EU_imp_{k,s,c,y}^{GSP}}{\sum_c \sum_s \sum_k EU_imp_{k,s,c,y}^{GSP}} \quad (6)$$

$EU_imp_{k,s,c,y}^{GSP}$ denotes EU imports under GSP of product k , sections s , from beneficiary c in year y . The same procedure is applied to imports reported by the UK and the EU-27.

2. Divergence in GSP import-share as calculated in this paper and by the EU.

There is one case where my calculations of EU GSP import-shares at the country-section level appear not to be aligned with the graduations imposed by the EU (this is out of the calculations involving several rounds of graduations, not just the 2020-22 reported here). Using 2015-2017 data, for section 15-b, I compute an EU import share of 32% for India, while the EU graduates India in this section (hence the EU must have computed a share > 57%). With the data I downloaded from COMEXT, however, I find that the bulk of EU imports in section 15-b came from Mozambique (46%), an EBA country not subject to graduation. On one hand it must be acknowledged that my calculations could include some margin of error, since the methodology adopted to compute the import-shares has been adapted by myself to reproduce the EU graduations as accurately as possible. On the other hand, since this is the only instance where my calculations appear not to match those performed by the EU, I remain confident that the results presented in this paper are on the whole correct.

3. Rules of Origin requirement and GSP eligibility

Currently, to qualify for GSP preferences, even if a product shipped from a beneficiary country is on the list of those eligible for the scheme, the product must satisfy a certain local content requirement, that ensures that a certain fraction of the product's value was produced in the beneficiary country. The Rules of Origin in EU's GSP, however, allow exporters to *cumulate* the value produced in the country of origin with the value added at a previous step of the chain of production, if this additional value originates in EU-28 countries. Now, it is unclear how this will operate in the UK's GSP. The UK might not recognise the value originating in the other EU27 countries as originating in the beneficiary country (and hence not allow the cumulation). If this is the case, there may be several instances of products no longer qualifying for preferential access in virtue of not complying with the Rules of Origin. Further, this issue could affect also GSP imports on the side of the EU, as the EU might not allow cumulation with UK value added. Because of data and information limitation this issue cannot be analysed in this paper; however, a more general discussion on cumulation (not specific to GSP) is

provided in Gasiorek and Holmes (2017). More information on GSP specific rules of origin can instead be found in UNCTAD (2015).

4. Vulnerability criteria of current GSP+ and standard GSP members, full tables.

Table 2A: Vulnerability criteria for GSP+ eligibility – 2015-2017 data.

	Concentration			Size		
	EU	UK	EU-27	EU	UK	EU-27
Armenia	98.30	99.56	98.32	0.18	0.01	0.22
Bolivia	92.36	94.05	93.60	0.08	0.02	0.09
Cape Verde	98.53	99.20	98.58	0.07	0.00	0.08
Kyrgyzstan	92.26	99.68	93.21	0.01	0.00	0.01
Mongolia	96.87	99.88	96.27	0.02	0.04	0.02
Pakistan	96.09	96.68	96.21	6.49	8.23	6.14
Philippines	79.49	85.87	79.59	3.36	2.30	3.57
Sri Lanka	91.87	95.08	90.64	2.49	5.01	1.98

Source: Author's elaboration with COMEXT and TRAINS data for the 2015-2017 period. Concentration is measured as the share of the top 7 sectors in EU GSP imports from of a country; size is measured as the country's share of total EU GSP imports.

Table 3A: Vulnerability criteria of standard GSP members – 2015-2017 data.

	Concentration			Size		
	EU28	UK	EU27	EU	UK	EU27
Congo	98.90	99.96	99.15	0.07	0.03	0.07
Cook Islands	99.25	100.00	99.43	0.00	0.00	0.00
India	70.37	70.35	70.62	30.73	36.15	29.64
Indonesia	73.18	66.33	74.93	11.51	6.82	12.45
Kenya	96.66	97.18	97.25	0.98	1.28	0.92
Micronesia	99.38	100.00	99.61	0.00	0.00	0.00
Nauru	99.85	100.00	99.83	0.00	0.00	0.00
Nigeria	93.51	97.26	94.94	0.27	0.24	0.27
Niue	100.00	100.00	100.00	0.00	0.00	0.00
Syria	91.72	98.30	91.72	0.03	0.00	0.03
Tajikistan	99.53	100.00	99.70	0.02	0.00	0.02
Tonga	99.90	100.00	99.92	0.00	0.00	0.00
Uzbekistan	96.66	99.85	96.78	0.11	0.01	0.14
Vietnam	81.92	83.05	82.22	14.67	11.81	15.25

Source: Author's elaboration with COMEXT and TRAINS data for the 2015-2017 period. Concentration is measured as the share of the top 7 sectors in EU GSP imports from of a country; size is measured as the country's share of total EU GSP imports. In bold figures which would prevent GSP+ applications under a revised vulnerability criterion which would ensure GSP+ eligibility of all current GSP+ members.

5. Standard GSP, GSP+ and EBA beneficiaries list

Table A1: List of beneficiaries of EU's GSP¹

Standard GSP	GSP+	EBA	
Congo	Armenia	Afghanistan	Madagascar
Cook Islands	Bolivia	Angola	Malawi
India	Cape Verde	Bangladesh	Mali
Indonesia	Kyrgyz Republic	Benin	Mauritania
Kenya	Mongolia	Bhutan	Mozambique
Micronesia	Pakistan	Burkina Faso	Myanmar
Nauru	Philippines	Burundi	Nepal
Nigeria	Sri Lanka	Cambodia	Niger
Niue		Central African Rep.	Rwanda
Syria		Chad	Sao Tome and Principe
Tajikistan		Comoros	Senegal
Tonga		Congo (Dem. Rep.)	Sierra Leone
Uzbekistan		Djibouti	Solomon Islands
Vietnam		Equatorial Guinea	Somalia
		Eritrea	South Sudan
		Ethiopia	Sudan
		Gambia	Tanzania
		Guinea	Timor-Leste
		Guinea Bissau	Togo
		Haiti	Tuvalu
		Kiribati	Uganda
		Laos	Vanuatu
		Lesotho	Yemen
		Liberia	Zambia

Source: Author's elaboration on information obtain from EU Regulations.

¹ This list is up to date as of March 2019.

6. List of international conventions that need to be ratified and implemented by GSP+ beneficiaries.

Table A2: International conventions on sustainable development and environmental protection.

Convention	Participating GSP beneficiaries
1. Convention on the Prevention and Punishment of the Crime of Genocide	Congo, India, Nigeria, Syria, Tajikistan, Tonga, Uzbekistan, Vietnam.
2. International Convention on the Elimination of All Forms of Racial Discrimination	Congo, India, Indonesia, Kenya, Nigeria, Syria, Tajikistan, Tonga, Uzbekistan, Vietnam.
3. International Covenant on Civil and Political Rights	Congo, India, Indonesia, Kenya, Nigeria, Syria, Tajikistan, Uzbekistan, Vietnam.
4. International Covenant on Economic, Social and Cultural Rights	Congo, India, Indonesia, Kenya, Nigeria, Syria, Tajikistan, Uzbekistan, Vietnam.
5. Convention on the Elimination of All Forms of Discrimination against Women	Congo, Cook Islands, India, Indonesia, Kenya, Micronesia, Nauru, Nigeria, Syria, Tajikistan, Uzbekistan, Vietnam
6. Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment	Congo, India, Indonesia, Kenya, Nauru, Nigeria, Syria, Tajikistan, Uzbekistan, Vietnam.
7. Convention on the Rights of the Child	All
8. Convention concerning Forced or Compulsory Labor, No. 29	Congo, Cook Islands, India, Indonesia, Kenya, Nigeria, Syria, Tajikistan, Uzbekistan, Vietnam.
9. Convention concerning Freedom of Association and Protection of the Right to Organize, No. 87	Congo, Indonesia, Nigeria, Syria, Tajikistan, Uzbekistan.
10. Convention concerning the Application of the Principles of the Right to Organize and to Bargain Collectively, No. 98	Congo, Indonesia, Kenya, Nigeria, Syria, Tajikistan, Uzbekistan.
11. Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, No. 100	Congo, India, Indonesia, Kenya, Nigeria, Syria, Tajikistan, Uzbekistan, Vietnam.
12. Convention concerning the Abolition of Forced Labor, No. 105	Congo, Cook Islands, India, Indonesia, Kenya, Nigeria, Syria, Tajikistan, Uzbekistan.
13. Convention concerning Discrimination in Respect of Employment and Occupation, No. 111	Congo, India, Indonesia, Kenya, Nigeria, Syria, Tajikistan, Vietnam.
14. Convention concerning Minimum Age for Admission to Employment, No. 138	Congo, India, Indonesia, Kenya, Nigeria, Syria, Tajikistan, Uzbekistan, Vietnam.
15. Convention concerning the prohibition and immediate action for the elimination of the worst forms of child labor, No. 182	Congo, Cook Islands, India, Indonesia, Kenya, Nigeria, Syria, Tajikistan, Uzbekistan, Vietnam.
16. Convention on International Trade in Endangered Species of Wild Fauna and Flora	Congo, India, Indonesia, Kenya, Nigeria, Tajikistan, Tonga, Uzbekistan, Vietnam.
17. Montreal Protocol on Substances that Deplete the Ozone Layer	All
18. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal	All except Niue

A POST-BREXIT GSP FOR THE UK: HOW TO GUARANTEE UNCHANGED MARKET ACCESS FOR
DEVELOPING COUNTRIES?

19. Convention on Biological Diversity	All
20. UN Framework Convention on Climate Change	All
21. Cartagena Protocol on Biosafety	Congo, Cook Islands, India, Indonesia, Kenya, Nauru, Nigeria, Niue, Syria, Tajikistan, Vietnam
22. Stockholm Convention on Persistent Organic Pollutants	All except Uzbekistan.
23. Kyoto Protocol to the United Nations Framework Convention on Climate Change	All
24. UN Single Convention on Narcotic Drugs	Congo, India, Indonesia, Kenya, Micronesia, Nigeria, Syria, Tonga.
25. UN Convention on Psychotropic Substances	Congo, India, Indonesia, Kenya, Micronesia, Nigeria, Niue, Syria, Tajikistan, Tonga, Uzbekistan, Vietnam
26. UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances	All
27. UN Convention against Corruption	All except Tonga.

Source: Author's elaboration with data from <https://treaties.un.org/>