

Advocacy Statement ~

Revision of the EU Generalized Scheme of Preferences

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EBCA members have sourced from Bangladesh for many years, and it has become an important trading partner and sourcing destination. They have witnessed how Bangladesh has taken significant steps to implement several environmental sustainability, social and governance standards. The EU GSP scheme and the presence of international brands have been key to ensuring Bangladesh's international competitiveness in the textiles sector.

Automatic Safeguards

In this context, EBCA is concerned with a specific article of the proposed GSP Regulation revision that is connected to automatic safeguards as applied to the textile sector. As per Article 29, automatic safeguards will be triggered if Bangladesh's share of S-11b products (from the combined HS Sections 61, 62, and 63, comprising knitwear, woven and home textile items) as a percentage of all EU GSP-covered imports exceeds the threshold of 37%. The corresponding Bangladeshi share is estimated to be almost 50%. There is a serious risk that the automatic safeguard measures will suspend the zero-duty benefit for ready-made garment (RMG) products before the end of this decade.

If the proposed rules remain unchanged, Bangladesh's RMG products will face MFN tariff rates in the EU following the country's graduation to GSP+. The average tariff rate on RMG products from Bangladesh to the EU will rise from 0% to 12% in 2029. This will have a considerable impact on Bangladesh's continued socioeconomic development, on its workforce and specifically some less advantaged demographic groups, and on economic growth and investment in the country. From a business perspective, planning decisions need to be taken well in advance on the future production viability of this market.

One of the original objectives of the GSP program was to promote the economic development of countries such as Bangladesh. The proposed revisions will have negative consequences on the Bangladeshi economy and on its people. There are approximately 4.5 million people employed in the textiles sector in the country, with 70% being women. 15 to 20 million people are connected to the industry via their families and supporting services (transport, training, food, etc.) If international brands were to leave the country, Bangladeshi GDP would suffer. We also fear the risk of lowering incentives for Bangladesh to continue its important governance reform efforts that are directly linked to the GSP scheme and preferential access to the EU market. Some of the environmental and social sustainability standards developed over the years may also be at risk.

We believe it essential for Bangladesh to continue to have preferential access to the EU market after 2029 as such access plays a critical role in the country's export growth. We call on EU decisionmakers to consider a targeted solution to mitigate the negative impact of automatic safeguards on Bangladesh. One solution would be to keep the threshold for textiles set at 47%, as in the current GSP regulation, which would dampen the impact of the application of safeguards on the economy. A phased in transition period for countries that graduate from LDC to GSP+ status, and which are faced with the application of automatic safeguards after three years, would also provide more time to beneficiary countries and economic operators to adjust.

About EBCA

EBCA is a coalition of nine European and multinational retail apparel companies that represent over 70 brands and directly employ upwards of 200,000 Europeans (members include Inditex, H&M, Mango, Tendam, Levi's, Ralph Lauren, VF Corp, PVH and C&A). Since its inception in 2007, [EBCA](#) has sought to promote trade and sustainable development, market access, rules-based trade and investment security at the heart of the EU's trade policy.

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