CHAPTER 3

No Strings Attached? The EU’s Emergency Trade Preferences for Pakistan

Sieglinde Gstöhl

1 Introduction: Trade Preferences and Humanitarian Aid

The European Union (EU) has several instruments at its disposal to react to global emergency situations, ranging from the humanitarian aid regulation and the Stability Instrument to the civil protection mechanism and crisis management missions within the framework of the Common Security and Defence Policy (CSDP). Trade policy is normally not among these instruments, except for food safety emergencies which might require export or import restrictions. Such trade restrictions directly address the causes of food safety crises, originating within or outside the EU, whereas the use of indirect trade measures to alleviate the consequences of a natural disaster is less straightforward, depending on the particular situation of the country affected.

On 26 December 2004 an earthquake that occurred off the northwest coast of Sumatra triggered the single worst tsunami in recorded history in the Indian Ocean. It killed over 220,000 people in fourteen countries, including around 1,400 tourists from the European Union enjoying their Christmas holidays in Southeast Asia. The EU responded to this disaster with unprecedented humanitarian and reconstruction efforts. The European Community Humanitarian Office (ECHO) was the first donor to respond to the tsunami. The European Commission and the 25 Member States pledged €560 million for humanitarian assistance and €1.5 billion for longer-term reconstruction. The Commission alone committed €123 million in humanitarian aid and €350 million towards rehabilitation and reconstruction. Moreover, the EU

3 European Commission, “Post-Tsunami reconstruction: 2 years on”, MEMO/06/507, Brussels, 20 December 2006.
Trade Commissioner sought to fast-track the adoption and implementation of the revised Generalised System of Preferences (GSP) since Sri Lanka, Indonesia, Thailand and India were expected to be among the greatest beneficiaries.\(^4\) In addition, a suspension of anti-dumping duties and the reorientation of trade-related technical assistance in areas such as sanitation and food safety standards were considered. However, more extensive tariff concessions for individual countries were not suggested because they would have contravened the rules of the World Trade Organisation (WTO), in particular the principle of non-discrimination.\(^5\)

When cyclone Nargis hit Myanmar in May 2008, killing an estimated 140,000 people, the EU also provided substantial humanitarian assistance.\(^6\) It did not, however, reinstate the country’s suspended trade preferences. While trade between the EU and Myanmar has never been fully banned, it was the first country that faced a withdrawal from the list of GSP countries in 1997, as a reaction to the practice of forced labour, as confirmed by the International Labour Organisation (ILO).\(^7\) The sanctions that the EU had gradually imposed on Myanmar since 1991 ranged from a visa ban and asset freeze for the leadership to an arms embargo, the partial suspension of non-humanitarian aid as well as a ban on investment and on the export of equipment for the timber and gems industries. It was only in the light of the domestic political reforms that the Burmese government began in 2011 that the EU suspended its sanctions under the Common Foreign and Security Policy (CFSP) in April 2012.\(^8\) The resumption of trade privileges, however, is less straightforward as the GSP is, following the entry into force of the Lisbon Treaty, subject to the ordinary legislative procedure. The European Commission proposed in September 2012 to bring Myanmar, which is classified as a least developed country (LDC), into the ‘Everything But Arms’ (EBA) preferential trade regime. The European Parliament endorsed this proposal in May 2013, after which formal approval by the Council is required.


\(^{5}\) Ibid.

