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EU changes GSP+ mechanism: MoC

The Commerce Ministry said on Wednesday that the European Union (EU) has changed the mechanism for GSP plus extension and there will no longer be an automatic extension in the new scheme starting from January 2027.

"There will no automatic extension in EU's GSP plus scheme. The concerned country has to apply for the extension along with action plan of 32 UN Conventions," said Secretary Commerce Jawad Paul while responding to questions raised by the National Assembly Standing Committee on Commerce presided over by Jawad Hanif.

"The new GSP plus scheme will commence from January 2027 but it has two years' transition period during which the concerned countries have to submit their plans, which will be evaluated by the EU," he said adding that the EU report contains both positives and negatives. One the concerns of EU is human rights situation in Pakistan.

The Committee members, Asad Alam Khan Niazi, Khurshid Ahmed Junejo, Shaista Pervaiz, Dr. Ramesh Kumar Vankwani, Tahira Aurangzeb, Mir Amir Magsi, Dr. Mirza Ikhtriar Baig and Kiran Haider attended the meeting. The Committee conveyed its concerns on continuous absence of Commerce Minister from its meetings.

The Standing Committee sought attention of Secretary Commerce on the concerns raised by the European Union in its report on Pakistan.

Responding to questions, Secretary Commerce stated that the EU report had raised issues relating to security and climate change, which they usually take up in their reports. He, however, sought support from the Committee members to also clarify Pakistan's position in their interaction with EU Parliamentarians.

According to Secretary Commerce, EU Report has recognized that Pakistan is facing security issues, economic problems and flood related climate issues due to which Pakistan's implementation capacity is limited.

"Our viewpoint is that since EU understands in what type of security condition Pakistan is living, there are certain actions which the State needs to take to overcome that situation," Paul maintained.

Secretary Commerce further argued that the State has to take some fundamental actions to deal with such situations as Pakistanis are not living in Europe.

Asad Alam Khan Niazi inquired if the government will secure a guarantee from exporters to increase exports to a specified level to get incentives from the government.

Chairman Standing explained that exporters are not being given incentives however duties and taxes imposed by the government are being lowered to make them competitive. He was of the view that the current situation is a result of over taxation.

“Lowering taxes is a good step which will increase exports,” he continued.

Commerce Ministry officials briefed the Committee on Pakistan’s new policy that reduced protection but to increase competitiveness a reduction in duties and taxes is envisaged that are not sector specific. Last year, tariff was reduced on 2000 tariff lines so that raw material is available at cheaper rates.

Secretary Commerce informed the Committee that tariff reforms are part of National Tariff Policy (NTP). Government extended benefit of Rs 160 billion to industry/exporters last year and Rs 120 billion have been earmarked for FY 2026-27. The package of Rs 120 billion resulted in USD1.27 billion increase in exports during 2025-26.

“Imports could rise in the initial phase but the imbalance would subsequently be corrected as enhanced production translated into higher exports,” Secretary Commerce added.

The Committee termed Free Trade Agreement (FTA) with China as one of the key reasons for Pakistan’s wide trade deficit. The Committee sought detailed presentation on the impact of CPFTA on Pakistan’s exports.

The Committee also sought update on recent talks between Pakistan and the United States. Secretary Commerce promised to give a briefing on this in-camera.

The Committee undertook a detailed review of the restructuring of the Export Development Fund (EDF). It was apprised that the Fund’s management had transitioned towards greater private-sector participation, with leading exporters playing a central role in determining priorities. The Committee appreciated the policy emphasis on initiatives having a direct and measurable linkage with export enhancement, rather than conventional infrastructure-oriented projects. The Committee also examined the 40 percent allocation of the Export Finance Scheme (EFS) portfolio for Small and Medium Enterprises (SMEs) and emphasized the importance of ensuring equitable and adequate access to export financing for smaller businesses.

The Committee also examined the performance and investment strategy of the Pakistan Reinsurance Company Limited (PRCL). The Committee was informed that PRCL retained approximately 30 percent of its risk, while around 70 percent was placed in international reinsurance markets, including London, Dubai and Singapore. The Chairman stressed the need for prudent optimization of the company’s resources and called for exploration of avenues to enhance returns while maintaining sound risk-management practices.

The Committee considered a Private Member's Bill proposing amendments to the Trade Organizations Act, The Trade Organizations (Third Amendment) Bill, 2026, in relation to the Karachi Chamber of Commerce and Industry (KCCI). During deliberations, the distinctive status of KCCI and the proposed exemption from certain district-based provisions were examined. The Chairman directed that the proposed amendments be appropriately formulated in legal terms in consultation with the Ministry of Commerce and the Ministry of Law and Justice before being placed before the Committee for further consideration.

The Committee reviewed the financial position of the Trading Corporation of Pakistan (TCP) and expressed concern over its outstanding markup liabilities. The Committee directed that the matter be taken up with the Ministry of Finance and the State Bank of Pakistan, and sought a comprehensive briefing on the outstanding liabilities and the measures proposed for their settlement.

In order to strengthen engagement with relevant stakeholders and facilitate on-ground assessment of trade-related institutions, the Committee decided to hold its next meeting in Karachi, including site visits and detailed briefings at the offices of the Trade Development Authority of Pakistan (TDAP) and the Trading Corporation of Pakistan (TCP). The Commerce Ministry said on Wednesday that the European Union (EU) has changed the mechanism for GSP plus extension and there will no longer be an automatic extension in the new scheme starting from January 2027.

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