Lisbon School of Economics & Management
Universidade de Lisboa

MASTER

INTERNATIONAL ECONOMICS AND EUROPEAN STUDIES

MASTER'S FINAL WORK

DISSERTATION

TRADE PREFERENCES THAT PROMOTE SUSTAINABLE DEVELOPMENT: A COMPARATIVE ANALYSIS OF THE EU GSP+ IN BOLIVIA, NICARAGUA, AND HONDURAS

BY BRUNA FERREIRA MARTINS

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SUPERVISION:

PROFESSOR DOUTOR VÍTOR MAGRIÇO

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"Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries."

- TFUE, Article 208, 1.

Abstract

Preferential tariff schemes have been historically granted to developing countries to enhance their economic growth and foster development. The EU has expanded this framework through the GSP+, which offers enhanced preferences to countries that commit to sustainable development and good governance by ratifying twenty-seven international conventions on human and labour rights, environmental protection, and good governance. Considering this, this research aims to evaluate the impact of the EU GSP+ on sustainable development by analysing its effects on export growth, export diversification, and progress towards the SDGs, in Bolivia, Nicaragua, and Honduras from 2005 to 2022. The analysis evaluates these countries' exports relative to their GDP, employs the Herfindahl-Hirschman Index to assess export diversification, and compares their progress towards achieving SDGs with global trends. The results indicate that, as a GSP+ beneficiary, Bolivia experienced a slight increase in exports to the EU but also exhibited a rise in export concentration. In contrast, Nicaragua and Honduras achieved greater diversification as GSP+ beneficiaries, although their exports to the EU declined. Concerning social and environmental progress, the three countries demonstrated advancements towards SDGs while benefiting from the GSP+.

Key Words: European Union; Non-Reciprocal Trade Preferences; GSP+; Export Growth; Export Diversification; Sustainable Development; United Nations Sustainable Development Goals; Bolivia; Nicaragua; Honduras.

Resumo

No âmbito do comércio internacional, os sistemas de preferências generalizadas têm-se revelado uma importante ferramenta para promover o crescimento económico dos países em desenvolvimento. A União Europeia, através do seu Sistema de Preferências Generalizadas+ (SPG+), ampliou o conceito tradicional destes sistemas, ao conceder preferências tarifárias unilaterais a países que tenham ratificado vinte e sete convenções internacionais relacionadas com direitos humanos e laborais, proteção ambiental e boa governação. Neste contexto, a presente dissertação visa avaliar o impacto do SPG+ no desenvolvimento sustentável da Bolívia, Nicarágua e Honduras, através de uma análise dos seus efeitos no crescimento e na diversificação das exportações destes países, bem como do seu progresso em relação aos Objetivos de Desenvolvimento Sustentável (ODS) das Nações Unidas, entre 2005 e 2022. Para esse efeito foram alvo de análise, respetivamente em relação a cada um dos países suprarreferidos, o desempenho das exportações em relação ao PIB, o Índice de Herfindahl-Hirschman, e o seu progresso nos ODS relativamente ao progresso registado globalmente. Os resultados indicam que, enquanto beneficiária do SPG+, a Bolívia registou um ligeiro aumento nas exportações, mas também uma tendência de maior concentração. Por sua vez, a Nicarágua e as Honduras demonstraram uma diversificação das suas exportações durante o período em que beneficiaram do SPG+, mas registaram uma redução nas exportações destinadas à UE em relação ao total exportado para o resto do mundo. Em termos de progresso social e ambiental, enquanto beneficiários do SPG+, os três países demonstraram avanços no seu desempenho em relação aos ODS.

Palavras-Chave: União Europeia; Preferências comerciais não-recíprocas; SPG+; Crescimento das exportações; Diversificação das exportações; Desenvolvimento sustentável; Objetivos de Desenvolvimento Sustentável das Nações Unidas; Bolívia; Nicarágua; Honduras.

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Ao meu orientador, Professor Dr. Vítor Magriço, pela partilha de conhecimento, disponibilidade e orientação, fundamentais para o desenvolvimento desta dissertação,

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À minha família, cujo amor tem sido uma constante fonte de força,

Aos meus pais e irmão, a quem dedico esta dissertação, pelo apoio incondicional e pela constante procura do meu desenvolvimento,

Obrigada.

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List of Abbreviations and Acronyms

ATPDEA: Andean Trade Promotion and Drug Eradication Act

EBA: Everything But Arms

EU: European Union

EU-CAAA: European Union - Central America Agreement Association

FSLN: Sandinista National Liberation Front

FTAs: Free Trade Agreements

HHI: Herfindahl-Hirschman Index

ITC: International Trade Centre

MFN: Most Favoured Nation

PTAs: Preferential Trade Agreements

GATT: General Agreement of Tariffs and Trade

GDP: Gross Domestic Product

GSP: Generalized System of Preferences

GSP+: Generalized System of Preferences Plus

SDGs: Sustainable Development Goals

UNCTAD: United Nations Conference on Trade and Development

USA: United States of America

WTO: World Trade Organization

1. Introduction

In 1979, following a ten-year waiver that began in 1971, UNCTAD officially ratified the "Enabling Clause" under the WTO law, marking a transformative shift in the dynamics of the international trading system. This clause granted developed countries the legal authority to provide non-reciprocal trade preferences to their developing counterparts, thereby setting the foundation for the GSP (Grossman & Sykes, 2005). Although widely adopted by most industrialised economies nowadays, the EU distinguishes itself as the pioneer among developed countries by being the first to introduce such schemes in 1971 (Persson, 2012).

From an economic perspective, the primary theory advocating the unilateral provision of non-reciprocal trade preferences argues that beneficiary countries can enhance export earnings, foster industrialisation through export diversification, and accelerate economic growth by benefiting from a GSP (Grossman & Sykes, 2005; Persson, 2013). Initially created to achieve these objectives, the EU GSP has expanded its scope to include a broader purpose, reflecting the EU's dedication to promoting fundamental principles and societal values. This expansion led to the introduction of the GSP+ scheme in 2005. Developed as an extended version of the standard GSP, the GSP+ offers deeper preferences than its standard version for countries that demonstrate a commitment to sustainable development and good governance by ratifying twenty-seven international conventions on human and labour rights, environmental protection, and governance (UNCTAD, 2021).

In 2005, Latin America was widely represented among GSP+ beneficiaries, with 11 out of 14 countries from the region benefiting from the scheme. Since GSP+ eligibility is restricted to countries classified by the World Bank as having low or lower-middle income status, this high presence of Latin American countries highlights the region's vulnerability and reliance on trade preferences to address economic and social challenges. Almost two decades later, in 2022, Bolivia, Nicaragua, and Honduras were the only Latin American countries holding a low-income classification. However, while Bolivia continues to benefit from the GSP+, Nicaragua and Honduras exited the scheme in 2016 to join the EU-CAAA. Hence, comparing the performance of these three countries, which

share similar income levels but differ in their GSP+ participation, may offer valuable insights into the effectiveness of the GSP+ in promoting sustainable development.

Considering the above, this research aims to comprehensively and empirically evaluate the impact of the EU GSP+ on sustainable development. The analysis will cover its effects on export growth, export diversification, and compliance with the SDGs, in Bolivia, Nicaragua, and Honduras from 2005 to 2022, while also comparing their respective performances. The scope of the assessment includes, therefore, three key components: first, an analysis of export growth by assessing the weight of each beneficiary country's exports to the EU as a share of its GDP, their importance within the countries' overall global export performance and considering their use of GSP+ preferences. Second, an assessment of export diversification using the HHI will be conducted to evaluate each country's export diversification within the EU and globally. Third, progress towards the SDGs will be examined, and these results will be compared with global trends.

This dissertation is structured as follows: Section 1 provides a historical background of PTAs and their theoretical explanation, followed by an explanation of the EU GSP+. Section 2 reviews the literature on trade preferences, focusing on the impact of the EU GSP's effects on export growth, diversification, and sustainability compliance. Section 3 provides the country profiles of Bolivia, Nicaragua, and Honduras. Finally, section 4 presents an empirical analysis to evaluate the abovementioned effects.

2. The EU Generalised System of Preferences

2.1. Historical and Legal Foundation of GSP Trade Preferences

Over the past decades, trade policies have significantly been reshaped to liberalise border protection and foster international cooperation. Central to this evolution is GATT and its successor, the WTO, an intergovernmental organisation that regulates and facilitates global trade relations within its members by eliminating trade barriers. Among these barriers, tariffs emerge as one of the main obstacles, often resulting in counterproductive results when countries impose import tariffs on each other in order to gain favourable terms-of-trade,[1] resulting in mutual losses as the tariffs imposed by one country offset the terms-of-trade gained by the other (Feenstra & Taylor, 2014). Therefore, agreements under the WTO allow member countries to cooperate and mitigate these terms-of-trade externalities by mutually agreeing to lower tariffs.

PTAs serve as a mechanism to address this issue and, therefore, regulate tariffs. These agreements have played a significant role within the international trading system by enabling countries to facilitate market access to their counterparts and, thereby, diminish or eliminate trade barriers, including tariffs and other indirect constraints to trade, such as domestic legislation (Feenstra & Taylor, 2014). Multilateral, bilateral, or regional in nature, reciprocal PTAs, commonly known as FTAs or Customs Unions, allow member countries to eliminate import tariffs among themselves, as well as other trade barriers, while upholding external tariffs for non-members (Feenstra & Taylor, 2014; Limão, 2016). Contrastingly, non-reciprocal PTAs, such as the GSP, represent unilateral trade agreements where developed countries offer lower trade tariffs to developing ones without receiving equivalent market access in return (Persson, 2012; Limão, 2016).

The concept of non-reciprocity emerged in the discussions of the 1964 UNCTAD when it was proposed that developing countries should receive non-reciprocal trade preferences (Persson, 2012). This idea gained traction and was further deliberated upon in the 1968 UNCTAD, culminating in Resolution 21 (ii), which acknowledged the "*unanimous agreement"* to establish *"a mutually acceptable system of generalised non-*

[1] Terms-of-trade represent the ratio between a country's export and import prices.

reciprocal and non-discriminatory preferences" (UNCTAD, 1968). This resolution, however, was in violation of GATT Article I, known as the MFN[2] principle (Persson, 2012). To mitigate this legal conflict, a GATT ten-year waiver was devised in 1971, allowing the temporary provision of preferential tariff schemes for developing countries. Fast-forward to 1979, the GATT *"Enabling Clause"* was formally created and ratified for such schemes in the WTO regulation, constituting the WTO's legal foundation for instituting non-reciprocal PTAs and, therefore, the GSP. (Grossman & Sykes, 2005).

2.2. The Economics of GSP Trade Preferences: Theoretical Overview

The 1968 UNCTAD Resolution 21 (ii) underlined that the enactment of a GSP should endeavour to achieve the following outcomes in developing countries: "*(a) To increase their export earnings; (b) To promote their industrialisation; (c) To accelerate their rates of economic growth*." (UNCTAD, 1968).

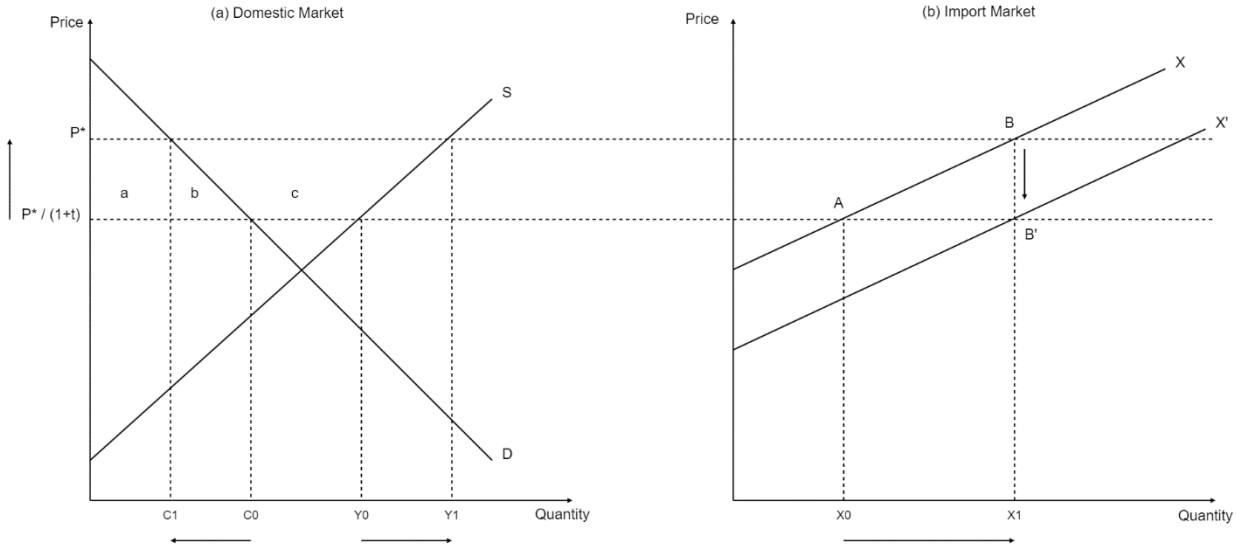
Considering the first objective, in theory, reducing tariffs could lead to a surge in export earnings as exporters would have the flexibility to establish higher prices compared to those under a full MFN tariff, potentially leading to a rise in export volumes (Persson & Wilhelmsson, 2016). To explore this further, the following graphic illustration (Figure 1) was constructed to fathom the logic behind GSP's tariff preferences for increasing export earnings. Its main theoretical foundations were derived from Feenstra and Taylor (2014), Bacchetta et al. (2012), and Grossman and Sykes (2005).

Two markets were considered: a) the domestic market, representing the GSP beneficiaries, and b) the import market, reflecting the supply behaviour of these countries' exports to the EU market, which grants the GSP preferences. This analysis was developed assuming that beneficiary countries cannot influence the world price, given that qualification for the GSP is contingent upon a country being classified as vulnerable and,

[2] The MFN principle ensures that all member countries of the WTO receive equal trade preferences as those granted to any other country (Feenstra & Taylor, 2014).

thus, a small country (Grossman & Sykes, 2005). For simplification purposes, the analysis also considers the EU as the sole destination market for beneficiary country's exports.

Figure 1 - Tariff Elimination on GSP+ Beneficiary's Exports



Source: Author's elaboration

Before entering a GSP, countries are subject to an *ad valorem* tariff *t* on their exports to the EU. Given that *P** is the price practised in the EU market, countries cannot sell at any price above *P*/(1+t)* for each exported unit to the EU marked. Hence, P**/(1+t)* is the price at which beneficiary countries can sell their exports before entering a GSP, with *C0* and *Y0* representing the domestic quantities of consumption and production, respectively. Consequently, the difference *Y0 - C0* indicates the quantity exported to the EU prior to GSP entry.

Upon entering a GSP, this tariff *t* is either eliminated or reduced. Assuming it is eliminated, the beneficiary country is then able to sell in the EU market at price *P**, expanding production to *Y1* and contracting consumption to *C1*. As a result, exports increase from *Y0 – C0* to *Y1 – C1* in the domestic market, corresponding to an increase from *X0* to *X1* in the import market.

In essence, the shift from *P*/(1+t) to P**, this is, the cut on tariffs, enables exporters to charge higher prices and expand production until marginal costs align with *P**, while maintaining their competitiveness within the EU market (Grossman & Sykes,

2005). Therefore, as the country's production increases, export capacity also grows, with the increase in exports being determined by the difference between the rise in production and the decrease in domestic consumption, this is *(Y1-C1) – (Y0-C0)*. It is important to note that consumers from the beneficiary country are ultimately left worse off despite the apparent gain of domestic producers. This is due to the subsequent price increase, which decreases consumer surplus by an extent of *-(a+b)*, while producers gain *(a+b+c)*. Nevertheless, despite consumer loss, the country experiences a net gain of area *c* upon entering the GSP.

From the perspective of the import market, at *P*/(1+t)* the GSP beneficiary country would export at quantity *X0*, marked at point A. Thus, the removal of tariffs results in a shift from point A to point B along the domestic export supply curve X. Considering foreign import demand (not represented), the export supply curve shifts precisely by the amount of the tariff elimination, reaching X'. This shift results in export growth of *X1-X0*, corroborating with the initial theoretical basis that reduced tariffs lead to a rise in export volumes.

However, while increased export earnings may result from reduced tariffs and expanded export volumes, interpreting the objective of industrialisation, as discussed by Persson (2013), remains somewhat ambiguous. Considering Resolution 21 (II)'s focus on developing countries and that these are often highly dependent on primary commodities exports, industrialisation is commonly seen as linked to export diversification, entailing a reduction in these countries' reliance on primary product exports and a shift towards more value-added manufactured goods (Gnangnon, 2023).

The infant industry argument can theoretically explain this shift to some extent. While imposing tariffs on competing imports protects these industries from foreign competition, non-reciprocal trade preferences, by offering developing countries with lower tariffs than other potential exporters, encourage infant industries to export more and thus grow towards greater diversification (Persson, 2012; Persson, 2013).

The Firm Trade theory presents an alternative perspective on industrialisation. According to it, reducing trade barriers, such as tariffs, has a dual impact on trade, positively affecting both the intensive and the extensive margins by increasing trade

within existing partnerships and by creating new trade partnerships with previously unexploited markets, respectively (Felbermayr & Kohler, 2006). The rationale is that with non-reciprocal trade preferences, more firms can achieve the productivity needed to offset trading costs due to lower tariffs, facilitating their entry into the export market. This increases the number of export firms within a country, potentially leading to export diversification (Persson, 2012; Persson, 2013).

Even so, the possibility that preference schemes might fail in promoting export diversification should be considered, as they do not always cover all product lines. For instance, whether beneficiary countries' products with comparative advantages are included in the scheme can make a substantial difference. If such products are excluded, countries will find it more challenging to diversify their exports. Furthermore, the preference margin, defined as the difference between the preferential tariff and the MFN tariff, can also act as a limiting factor, as the larger the margin of preference, the more likely beneficiary countries are to diversify their exports (Persson, 2013).

2.3. The EU GSP+

The EU's GSP is a unilateral and non-reciprocal trade agreement constructed under the legality of the "Enabling Clause" and devised to pursue the objectives of the 1968 UNCTAD Resolution 21 (ii) (UNCTAD, 2021). Established in 1971, it has undergone numerous reforms, the latest of which is Regulation (EU) No 978/2012, currently in force until 2027 (Regulation (EU) No 2023/2663). Under this Regulation, eligible beneficiary countries can access the EU market with the benefit of tariff preferences provided under three different agreements: 1) standard GSP, 2) a special incentive arrangement for sustainable development and good governance, known as GSP+, and 3) a scheme explicitly conducted for the least-developed countries, the EBA.

In brief, the standard GSP reduces duties on 66% of all EU tariff lines, offering lower rates for sensitive goods and duty-free access for non-sensitive ones. In contrast, the GSP+, while offering fewer benefits than EBA - which grants duty-free and quota-free access to all exports except arms and ammunition - removes all duties on 66% of all EU tariff lines, including both sensitive and non-sensitive goods. These GSP+ covered

exports are listed in Annex IX of Regulation (EU) No 798/2012. Further information regarding these agreements can be found in Annex A.

The main difference between the lower tariffs provided under the GSP+ and those offered by the standard GSP lies in the EU's focus on sustainable development. In essence, while the standard GSP offers general trade preferences, the GSP ties trade benefits to a country's commitment to fundamental international standards. Under GSP+, countries receive lower tariffs than those offered by the standard GSP if they effectively implement twenty-seven international conventions and pledge to uphold their ratification in the fields of human and labour rights, environmental protection, and good governance (Regulation (EU) No 978/2012). A complete list of the applicable conventions can be seen in Annex B.

Formally introduced in Regulation (EC) No 980/2005, the idea of a GSP+ derived from a 1988 revision of the 1971 GSP, which introduced "special incentives" for developing countries that complied with fundamental labour and environmental standards. This revision faced controversy as it imposed new conditions, which raised concerns about potential protectionism and its impact on developing countries. In response, the EU clarified that the intention was to reward the developing countries that complied with sustainable practices through tariff reduction rather than penalise those that did not. Nonetheless, scepticism persisted, and these concerns led to a 2001 revision[3] to offer deeper preferences, increased transparency, and more straightforward procedures (Schutter, 2015). Regardless, a WTO dispute case brought by India, which challenged the EU's drug-related preferences mainly under the non-discriminatory principle of the *"Enabling Clause"*, led to further adjustments in the GSP (UNCTAD, 2021). This culminated in the adoption of Regulation (EC) No 980/2005, which, as mentioned, introduced the GSP+ within the current three-scheme framework. This structure has been

[3] This revision, implemented by Regulation (EC) No 2501/2001, established the EU GSP scheme for the period 2001-2004, which included five distinct types of preferences: 1) general arrangements; 2) special incentive arrangements for the protection of labour rights; 3) special incentive arrangements for the protection of the environment; 4) special arrangements for least-developed countries; 5) special arrangements to combat drug production and trafficking.

preserved in subsequent regulations, including Regulation (EC) No 732/2008 and the current Regulation (EU) No 978/2012.

In order to qualify for the GSP+, countries must not only ratify the aforementioned twenty-seven international conventions, but also meet specific eligibility criteria outlined in Regulation (EU) No 978/2012 Article 9, No. 1. This includes being classified as vulnerable, which implies a lack of export diversification and inadequate integration within the international trading system. The latter is often evaluated through a narrow range of exports to the EU, heavily concentrated in a few product lines[4]. Equally required is the fulfilment of the standard GSP criteria, which conditions access if the World Bank has classified the country as a high-income or upper-middle-income country for three consecutive years or if the country benefits from other preferential market access agreements with equal or better tariff preferences (Regulation (EU) No 978/2012 Article 4). Moreover, compliance with specific rules, such as the rules of origin (Regulation (EU) No 978/2012 Article 33, No. 2), is also mandatory for eligibility.

The EU employs a monitoring mechanism to ensure beneficiary countries comply with these eligibility conditions. It includes reviewing the conclusions and suggestions of relevant monitoring bodies, analysing self-assessment reports submitted by the beneficiary countries, and evaluating data from external sources such as third parties, the European Parliament, and the Council. Additionally, the EU has also established a safeguard mechanism that allows for the temporary withdrawal of GSP+ benefits if significant and systematic violations of conventions occur (Regulation (EU) No 978/2012, Articles 13, 14, 15 and 19).

All things considered and based on Regulation (EU) No 978/2012 preamble points 11) and 12), and GSP Hub (2021), the GSP+ foundational framework is structured to align with the objectives of the 1968 UNCTAD Resolution 21 (ii) while integrating

[4] The prerequisites for vulnerability have changed over all GSP+ Regulations. Under the latest Regulation (EU) No 978/2012, a country is considered vulnerable if, on a three-year average, its exports to the EU are highly concentrated, with over 75% of its GSP-covered exports coming from its seven largest sections, and if its GSP-covered exports to the EU account for less than 7.4% of the EU's total GSP-covered imports from all GSP beneficiary countries. Previously, this threshold was 6.5% (2012-2014), 2% (2015 - 2018), and 1% under earlier Regulations (EU) No 732/2008 and No 980/2005.

principles of sustainable development. Hence, the following three objectives can be derived:

1) Export Growth: to diminish or eliminate export tariffs from beneficiary countries, thereby facilitating the entrance of their exports into the EU market.
2) Export Diversification: to mitigate beneficiary countries' vulnerability by supporting export diversification and greater participation in the international trading system.
3) Sustainability Compliance: to ensure that beneficiary countries achieve sustainable economic growth while undertaking the obligations and commitments that arise from adopting fundamental international conventions on human and labour rights, environmental protection, and good governance.

3. The Effects of EU GSP Trade Preferences: Literature Review

3.1. Economic Effects: Export Growth and Export Diversification

Considering the previously listed EU GSP+ main objectives, this section will review several empirical investigations that evaluate the impact of non-reciprocal PTAs on achieving the first two objectives: export growth and export diversification. Due to the limited literature on the effects of the EU GSP+, this literature review will primarily focus on the impacts of the general EU GSP scheme, which, despite offering a lesser degree of preference, still benefits beneficiary countries by lowering tariffs.

Export Growth

As illustrated in the theoretical framework, non-reciprocal tariffs are expected to increase exports due to the margin created by the preferences. However, despite the considerable body of literature assessing the impact of such trade preferences on export growth, findings remain inconclusive. While some studies suggest positive effects, others reveal diverse outcomes, including negative ones (Gnangnon, 2023).

In recent literature, Thelle et al. (2015) assessed the impact of EU trade preferences on export growth across 176 countries from 1995 to 2012. Their findings, consistent with Biesebroeck and Zaurino (2023), concluded that EU trade preferences,

such as the EU GSP, positively impact beneficiary countries' exports, approximately increasing it by 5%. Contrastingly, Herz B. and Wagner M. (2011) reached a different conclusion. Their study, which included data from 184 countries between 1953 and 2006, found that GSP preferences often hinder exports when the scheme lasted more than a decade, leading to an average decrease of 4%. However, if it lasted less, exports would likely increase. As for Klasen et al. (2020), their study highlights the sector-specific impact of preferences. Based on trade data from 1973 to 2013, they argue that the EU GSP predominantly increases exports in the manufacturing sector.

Moreover, in traditional literature, studying the effects of trade creation and trade diversion was commonly employed to assess export growth. The conceptual framing of both concepts was introduced in Jacob Viner's 1950 work as potential outcomes of PTAs (Bhagwati & Panagariya, 1996). In short, trade creation occurs when a country within the PTA starts importing a product previously produced domestically from another member country, whereas trade diversion occurs when a product initially imported from a non-member starts being imported from the PTA member country. Both outcomes can generate trade gains among members, but the overall impact of PTAs is only positive if trade creation outweighs the costs of trade diversion (Feenstra & Taylor, 2014). This happens because trade diversion may entail a shift from efficient to inefficient producers, resulting in welfare losses due to production deviating from comparative advantages. Conversely, trade creation promotes welfare gains by transitioning production to more efficient producers following comparative advantages (Bhagwati & Panagariya, 1996; Robin Koepke, 2009).

However, given Viner's predominant focus on Customs Union’s PTAs, these findings do not provide conclusive insights into non-reciprocal PTAs, such as the EU GSP. Several studies that assessed their effects, such as Brown (1989), concluded that the GSP increased exports for beneficiary countries mainly through trade diversion rather than trade creation. Nevertheless, some findings do align with Viner's perspective, demonstrating that a GSP can result in trade creation. For instance, Sapir (1981), one of the first to employ a gravity model to assess this, concluded that the EU GSP created around 93% extra trade. More recent studies by Gil Pareja et al. (2014) have revealed that non-reciprocal PTAs led to an 88% increase in trade levels.

Another crucial metric to evaluate export growth effectively is the utilisation ratio of preferences. According to the European Commission (2018), this ratio is calculated as the percentage of trade value where GSP preferences are utilised relative to the total value of GSP-eligible product lines. Its mid-term report assessed preference growth from 2011 to 2016 and revealed that countries within the GSP+ scheme exhibited higher utilisation rates than those under the standard GSP, reaching approximately 90%. Only the EBA countries surpassed this rate. The report also showed that countries that transitioned from the standard GSP to the GSP+ showed significant increases in their utilisation rates, demonstrating the importance of the GSP+ as a driver for export expansion.

Export Diversification

The EU GSP+ framework, as described in section 1.3, was established to support vulnerable countries that faced a "*lack of diversification and insufficient integration within the international trading system*" (Regulation (EU) No 978/2012). Recognising that a heavy dependence on a few export sectors increases susceptibility to external shocks (Giri et al., 2019), the EU offers non-reciprocal trade preferences to encourage industrialisation and help beneficiary countries to shift from mainly relying on primary products to a more diverse export structure that includes manufactured goods (Persson & Wilhelmsson, 2016; Gnangnon, 2023). This approach, aligned with the infant industry argument and the firm trade theory previously discussed in the theoretical overview, despite diverging from the traditional principle of specialisation based on comparative advantages, is crucial for reducing economic vulnerability and strengthening resilience (Giri et al., 2019).

Similar to export growth, the literature has contrasting views on the impact of non-reciprocal trade preferences on export diversification. Persson and Wilhelmsson (2016) noted that some of the existing literature argued that by reducing trade costs, GSP preferences could make previously untradable goods profitable for export, potentially promoting diversification. However, they also observed opposing views suggesting that such schemes hinder diversification, as not all product lines are covered by the schemes and varying preference margins may lead to export concentration in the most advantageous sectors. Cadot et al. (2021) provide further insight into this debate by

highlighting that a country's income level significantly impacts export diversification. They identify a pattern in which countries exhibit greater export diversification at lower income levels, but export concentration increases once they reach a certain income level.

Despite some insights into this area, research on the impact of the EU GSP on export diversification remains limited. One of the earlier studies by Gamberoni (2007) assessed these preferences from 1994 to 2005 and found that while GSP and drug regime preferences generally fostered export diversification, they sometimes hindered it for the African, Caribbean and Pacific (ACP) countries, with inconsistent and context-dependent effects on Least Developed Countries. Building on this foundation, Persson and Wilhelmsson (2016) analysed EU trade preferences from 1962 to 2007 using a gravity model, the HHI and the Theil Index. Their findings suggest that countries benefiting from the general GSP and GSP+ programs achieved greater export diversification than those under other schemes. However, the European Commission (2018) reported that following the introduction of Regulation (EU) No 978/2012, GSP+ countries generally experienced only minor changes in export diversification, with Paraguay notably improving while Bolivia, Cape Verde, Pakistan, and the Philippines remained stable.

3.2. Social and Environmental Effects: Sustainability Compliance

The EU's trade policy prioritises social norms and environmental protection as fundamental elements in its external trade relations (Velluti, 2016). Employed as a sort of diplomatic tool, the EU GSP+ operates on a "*carrot and stick*" approach, where ratification of international conventions on human and labour rights, environmental protection and good governance is rewarded with favourable trade conditions, while violations lead to withdrawal of tariff preferences (Koch, 2015). Although this scheme was conducted to promote long-term compliance post-ratification, its effectiveness remains debatable, with existing literature revealing a lack of consensus on whether it effectively ensures adherence to international standards.

To ensure compliance, the EU has implemented the safeguard mechanism that enforces negative conditionality for reducing, suspending, or withdrawing trade benefits if a country fails to meet the required standards (Koch, 2015). To some extent, this

mechanism effectively supported the ratification process and prompted significant reforms in several beneficiary countries. For example, Pakistan has ratified fundamental human rights conventions to maintain its GSP+ status and El Salvador amended its Constitution in 2009 to align with ILO Convention No. 87 after facing a potential loss of benefits. Similarly, Bolivia responded to GSP+ pressure by rejoining the UN Single Convention on Narcotic Drugs in 2013 following an EU investigation into its compliance (European Commission, 2018; Velluti, 2016).

Despite these successes, the literature presents a contrasting perspective on the EU's enforcement of this mechanism, criticising it for its inconsistent application, lack of transparency, and perceived unfairness (Velluti, 2016). An illustrative case is that of Sri Lanka, which was suspended from the GSP+ in August 2010 after an EU investigation into civil and political rights violations that began in October 2008. Although the ILO had raised concerns about labour rights in Sri Lanka's textile sector earlier that year, the EU focused exclusively on civil and political rights during its inquiry. Schutter (2015) argues that this EU's selective approach was a strategic and diplomatic action to avoid accusations of protectionism, especially given Sri Lanka's heavy reliance on GSP+ benefits for its textile exports.

Such selective enforcement is not unique to Sri Lanka. Prior to this suspension, Orbie and Tortell (2009) had already noted how the European Commission sometimes granted GSP+ status despite ILO contrary recommendations and was hesitant to withdraw benefits even in severe labour rights violations. Guatemala's experience further exemplifies this inconsistency. Despite its poor labour rights record, Guatemala was granted GSP+ status in 2014, only to lose it in 2016, not because of any progress in labour conditions but due to its inclusion in the EU-CAAA (Velluti, 2016). Even the European Commission (2018) has documented other non-compliance cases within the GSP+, including human and labour rights violations in countries such as Uzbekistan and the Philippines.

These examples raise questions as to whether the EU's inconsistency in enforcing negative conditionality is driven by the concern of harming local populations, as it often

claims, or if other factors play a more significant role (Borchert et al., 2021). The case of Sri Lanka illustrates the impact on local communities, as the EU's withdrawal of GSP+ preferences led to a considerable economic fallout and job losses in the textile sector (European Commission, 2018). However, as Borchert et al. (2021) argue, commercial interests may also influence the EU's decision-making process, as imposing sanctions on larger developing countries like Pakistan could result in significant economic repercussions, including increased costs for sourcing materials or retaliatory measures in crucial export sectors. Consequently, the EU tends to impose negative conditionality against smaller countries, while larger and economically influential ones often escape similar scrutiny (Borchert et al., 2021).

Furthermore, in analysing the impact of the GSP+ on human rights, Wardhaugh (2013) critiques the GSP+ for its one-size-fits-all approach, arguing that its standardised requirements, based on a fixed list of international conventions, may fail to address the specific challenges faced by individual countries. For instance, the European Commission (2018) noted that countries like Bolivia and Pakistan are dealing with environmental issues, such as deteriorating water quality and increased soil pollution, that are not fully covered by the GSP+ conventions. In addition, Wardhaugh (2013) also argues that the financial burden of implementing these conventions can strain the resources of beneficiary countries as they must cover compliance costs before receiving GSP+ benefits. Thus, excessive implementation costs could discourage them from engaging effectively with the scheme, leading, therefore, to an inconsistent application of the scheme and undermining its effectiveness in promoting sustainable development.

4. Bolivia, Nicaragua, and Honduras Country Profiles

This section provides an overview of the economic, political and social context of Bolivia, Nicaragua and Honduras, structured around three core areas. It begins by describing each country's export relationship with the EU, supported by three graphics in Annexes C, D, and E. It then presents the political context, focusing on historical events and their consequences, followed by an assessment of each country's compliance with social and environmental standards, using specific examples to provide a clearer understanding of these issues.

Note that the graphics in annexes C, D and E were conducted using data from the ITC database for total export values and the UNCTAD database for GSP+ preferences utilisation, which includes both the total value of GSP+ exports and their utilisation ratio[5]. The data reflects the special arrangements to combat drug production and trafficking between 2002 and 2004 and cover the GSP+ preferences from 2005 to 2022 for Bolivia and from 2005 to 2016 for Nicaragua and Honduras. Additionally, the data includes exports under the EU-CAAA from 2016 to 2022 for the latter two countries. While this research covers the period from 2000 to 2022, it is essential to note that data for 2000 and 2001 were not available in the UNCTAD database.

4.1. The Plurinational State of Bolivia

The Plurinational State of Bolivia, initially a beneficiary of the special arrangements to combat drug production and trafficking from 2001 to 2004 (Regulation (EC) No 2501/2001), has benefited from the EU GSP+ since its introduction in 2005. Throughout the years, as illustrated in Annexe C, Bolivia has consistently under-utilised the trade benefits offered by the scheme, as its GSP+ exports were minimal compared to its non-GSP exports, with utilisation rations consistently falling short of their potential.

This reflects Bolivia's continued reliance on primary commodities, many of which are not covered by the GSP+ and are instead subject to MFN tariffs (European Commission, 2023). According to UNCTAD (n.d.), in 2005, Bolivian exports to the EU included 41% vegetables, 14% base metals, and 13% mineral products. However, only about 6% of vegetables were exported through GSP+ preferences, with base metals accounting for 0,01%, and minerals being entirely subject to the MFN tariff. By 2022, the export structure had shifted significantly, with mineral products becoming the most significant category at 54%, while vegetables constituted 16% and base metals 10%. For GSP+ exports, minerals continued to be fully exported through the MFN tariff, vegetables increased to 11%, and base metals decreased to 0,007%.

[5] The utilisation ratio is calculated as the percentage of trade value where GSP preferences are utilised relative to the total value of GSP-eligible product lines.

In the economic-political sphere, Bolivia's efforts to enhance its position internationally started in the nineties by negotiating several trade agreements, including PTAs such as the ATPDEA with the USA and the GSP with the EU (Lima et al., 2011). This strategy was, however, disrupted by severe political instability from 2001 to 2005, when five different presidents led the country. Yet, the election of Evo Morales in 2006 marked a significant shift in that instability with the adoption of a new constitution in 2009, which introduced critical social policies and economic reforms (Seelke, 2014).

Despite notable progress from 2009 onwards, Bolivia faced a major political crisis in 2019 when allegations of electoral fraud in Morales' attempt for a fourth term led to widespread protests and his resignation (Wolff, 2020). Since then, the country has faced persistent challenges, with the EU monitoring bodies expressing concerns regarding Bolivia's compliance with human rights protection, particularly with violence against women, harsh prison conditions and persistent child labour. In fact, in 2021, Bolivia had the highest femicide rate per 100,000 women in South America and the seventh highest in Latin America, with only 36% of femicide cases resulting in convictions. That same year, Bolivian prisons were severely overcrowded, operating at approximately 264% of their capacity, among the highest rates globally (European Commission, 2023). Furthermore, Humanium (2022) categorises Bolivia in the "red zone" for children's rights due to widespread forced labour, early marriages, trafficking, and sexual exploitation.

Despite some progress in environmental protection, the effective enforcement of policies continues to present a significant challenge, with the government meeting its reporting obligations for most conventions but failing for those specifically related to the environment (European Commission, 2023). Governance issues, especially in drug control, are also significant obstacles. Bolivia's suspension from the ATPDEA in 2008 due to its lack of cooperation with the USA on drug control, highlights the ongoing difficulties in this area (Seelke, 2014). The country remains one of the world's largest cocaine producers, with production levels expected to increase despite significant EU support for counter-narcotics initiatives. Additionally, the political crises of 2019 have hindered progress on good governance, with efforts to combat corruption showing only marginal improvement (European Commission, 2023).

4.2. Republic of Nicaragua

An initial beneficiary of the special arrangements to combat drug production and trafficking from 2001 to 2004 (Regulation (EC) No 2501/2001), the Republic of Nicaragua benefited from the EU's GSP+ from 2005 until 2016, when its eligibility was revoked due to its involvement in the EU–CAAA.[6] Signed in 2012, this association agreement was provisionally implemented in 2013 through Council Decision (EU) 2012/734, and shortly thereafter, the EU issued Regulation (EU) No 1015/2014, which withdrew Nicaragua's GSP+ eligibility starting January 1, 2016. Thus, Nicaragua benefited from both the GSP+ and the EU-CAAA during the transitional period from 2013 to 2016. The EU-CAAA officially came into force in 2024 (Council Decision (EU) 2024/1156).

According to the graphic illustration depicted in Annex E, during the period Nicaragua benefited from the GSP+, the proportion of GSP+ exports relative to non-covered GSP exports, although consistently smaller, increased over time. This positive trend persisted until the EU-CAAA was signed in 2012, after which GSP+ exports began to decline. As for the utilisation ratio, it consistently fell short of its full potential.

This limited use of GSP+ preferences is mainly due to the country's reliance on primary and natural resource-based goods. According to UNCTAD (n.d.), in 2005, vegetables were the leading export to the EU, accounting for 70% of the total, followed by live animals and animal products, hereinafter animal commodities, at 17%, and prepared foodstuffs and beverages, henceforth foodstuffs, at 8%. Of those, animal commodities were the only category nearly fully exported through GSP+ preferences, with approximately 92% of the total. In contrast, only 4% of vegetables and 35% of foodstuffs were exported under GSP+ preferences. By 2013, GSP+ exports declined as EU-CAAA exports grew. The export structure then was 37% for vegetables, 27% for animal commodities, and 13% for foodstuffs, with only 7%, 25% and 20% of these, respectively, exported under the GSP+. In 2016, the year Nicaragua officially left the EU

[6] An Association Agreement surpasses the conventional Free Trade Agreement by including political and institutional collaborations between the Parties and a component for development aid (Durán et al., 2011).

GSP+, vegetables continued to be the leading export at 42%, followed by animal commodities at 31% and foodstuffs at 13%. None of these were exported under GSP+ preferences due to the EU-CAAA.

On the political front, the country faced high instability. The downfall of the Somoza dictatorship by the FSLN in 1979 resulted in a civil war that persisted until 1990. However, despite the end of the civil war and the surge of regular elections between 1990 and 2006, with the Liberal Party holding power for much of this period, political violence persisted, and the FSLN retained significant influence. The return of FSLN's Daniel Ortega in 2007 signalled a shift towards increased authoritarianism, characterised by human rights abuses and the suppression of political opposition. In short, Ortega's regime consolidated power by abolishing term limits and repressing dissent, culminating in widely condemned and fraudulent elections in 2011, 2016 and 2021 (Thaler, 2022).

In response to the country's political situation, the EU has consistently condemned Nicaragua for severe and systematic violations of democratic principles and civil liberties, expressing these concerns through a series of European Parliament resolutions.[7] The latest, Resolution 2023/2743 (RSP), highlights the EU's concern regarding the ongoing repression in Nicaragua, which arose due to the arbitrary persecution faced by political opponents, students, journalists, activists, indigenous people, and other dissenters.

Additionally, Resolution 49/3 of the UN Human Rights Council highlights Nicaragua's failure to submit the required reports to treaty bodies, which demonstrates the regime's disregard for international human rights standards and obligations. The country has persistently struggled with extremely high rates of sexual violence against women and severe child labour issues, especially in agriculture (Humanium, 2022). Furthermore, Nicaraguan vulnerability to natural disasters, climate change, deep-seated poverty, and ongoing conflicts has intensified poverty, worsened public health, degraded the environment, and intensified migration (European Commission, 2022).

[7] See, for example, Resolution 2010/C 285 E/12, 2010; Resolution 2019/2978 (RSP); and Resolution 2021/2777 (RSP), 2022.

4.3. Republic of Honduras

The Republic of Honduras benefited from the EU GSP+ from 2005 until 2016, when it lost its GSP+ status due to the EU-CAAA. During the transitional phase from the EU-CAAA's provisional implementation in 2013 until the official end of GSP+ in 2016, Honduras, much like Nicaragua, benefited from both trade agreements (Council Decision (EU) 2012/734; Regulation (EU) No 1015/2014). Likewise, the country was also a beneficiary of the special arrangements to combat drug production and trafficking from 2001 to 2004 (Regulation (EC) No 2501/2001).

Honduras's trade with the EU consistently featured a low use of the GSP+. As illustrated in Annex E, the country's GSP+ exports have remained minimal compared to its non-GSP exports to the EU, with generally low utilisation rates for GSP+ covered exports. It should be noted, however, that these utilisation ratios registered an increase between 2005 and 2012, when they started to decline following the EU-CAAA signing.

The composition of Honduras's exports underlines its heavy reliance on primary commodities. According to UNCTAD (n.d.), in 2005, Honduras's exports to the EU were highly concentrated in vegetable products, which accounted for 63% of the total, followed by animal commodities at 9%, and mineral products at 8%. Nearly all exports of animal commodities were under GSP+ preferences, representing 99% of this sector's exports, whereas only 9% of vegetable exports benefited from GSP+, and mineral exports were entirely subject to the MFN tariff. By 2013, vegetables had increased to 69% of overall exports, yet only 9% were under GSP+ preferences. Fats and oils grew to 10% of exports, being fully exported under the scheme, and textiles comprised 7%, with 60% exported under the GSP+. By 2016, and already within the EU-CAAA framework, primary commodities remained central to Honduras's exports, with vegetables continuing to lead at 59%, fats and oils rising to 22%, and textiles decreasing to 6%.

Historically, Honduras has struggled with democratic stability due to military authority and weak institutions. The military held the presidency from 1963 to 1982, and despite the reinstatement of civilian rule in 1982, military's influence persisted. By 2006, Liberal politician Manuel Zelaya assumed the presidency, but his 2009 proposal for a national referendum to convene a constituent assembly led to a political crisis and a

military coup on June 28, resulting in his ouster. The subsequent elections occurred under repressive conditions, with restricted constitutional rights like freedom of expression and movement. In the ensuing decade, Honduran democracy significantly deteriorated, with corruption and authoritarianism surging, military influence reaching unprecedented levels, violence against the opposition and civil society increasing considerably, security forces committing severe human rights abuses, and the erosion of law and order allowing criminal networks to establish extensive extortion rackets, deeply infiltrating state institutions. This period of repression continued until January 2022, when Xiomara Castro assumed the presidency, ending 12 years of National Party rule (Pérez & Wader, 2023). Despite hopes for reform, her administration has struggled to tackle human rights abuses and strengthen democratic institutions (Human Rights Watch, 2024).

Indeed, in 2023, Honduras still faced deep-rooted and systemic challenges across sociopolitical and economic domains. The European External Action Service (2024) highlighted persistently high levels of violence in 2023, with over 90% of crimes going unpunished and 97% of attacks on human rights defenders unresolved. It was also noted that the situation for women is especially concerning, with Honduras being the most dangerous country for women in Latin America. Additionally, the country has become a critical transit hub for narcotics trafficking from South America to the USA due to the rise of trafficking organisations since 2009. These organisations have formed corrupt alliances with state agents, further eroding the country's fragile democracy and deepening corruption (Perez & Wader, 2023). Children in Honduras are also facing severe threats, with many becoming victims of commercial sexual exploitation (Humanium, 2022). The environmental situation adds another layer of distress. Climate change impacts are intensified by poor land management and ineffective government regulations, leading to escalating environmental degradation that mainly affects impoverished communities like the indigenous ones (CGRS, 2023).

5. Empirical Analysis

To empirically assess the effectiveness of the EU GSP+ in promoting sustainable development in Bolivia, Nicaragua and Honduras, in this section, an analysis will be conducted to estimate the impact of the scheme's primary objectives: 1) Export Growth, 2) Export Diversification, and 3) Sustainability compliance. The analysis will cover the period from 2000 to 2022, including both the pre-GSP+ period (2000 – 2005) and the GSP+'s implementation period (2005 - 2022). Each section will feature two graphics, one illustrating the country's evolution and another depicting the relative weight of the country's performance compared to the global one, along with tables showing the slopes for specific periods. It should be noted, however, that this analysis excludes two significant events that may affect the conclusions: the 2008–2009 economic crises and the COVID-19 pandemic.

To assess the first two objectives - export growth and diversification - yearly export data for Bolivia, Nicaragua, and Honduras to the EU was retrieved from the ITC on a two-digit tariff line level, covering the period from 2001 to 2022. Due to database limitations, figures for the year 2000 and for Honduras in 2022 were unavailable. For Nicaragua in 2022 and Honduras in 2021, mirror data[8] was provided by the EU. Furthermore, data on GDP at current prices was retrieved for the FMI October 2023 outlook. Regarding the third goal – sustainability compliance – data was retrieved from the Sustainable Development Report Database, covering the period from 2000 to 2022.

5.1. Export Growth

Following the theoretical overview, a non-reciprocal preferences scheme, such as the GSP+, is designed to promote export growth in beneficiary countries by lowering tariffs from the MFN rate, enabling producers to increase production and exports. Although some literature suggests this has happened to some extent, the effects of the EU GSP+ on beneficiary countries' exports remain inconclusive due to a lack of research on this extended version of the standard GSP. Therefore, further exploring its impact on

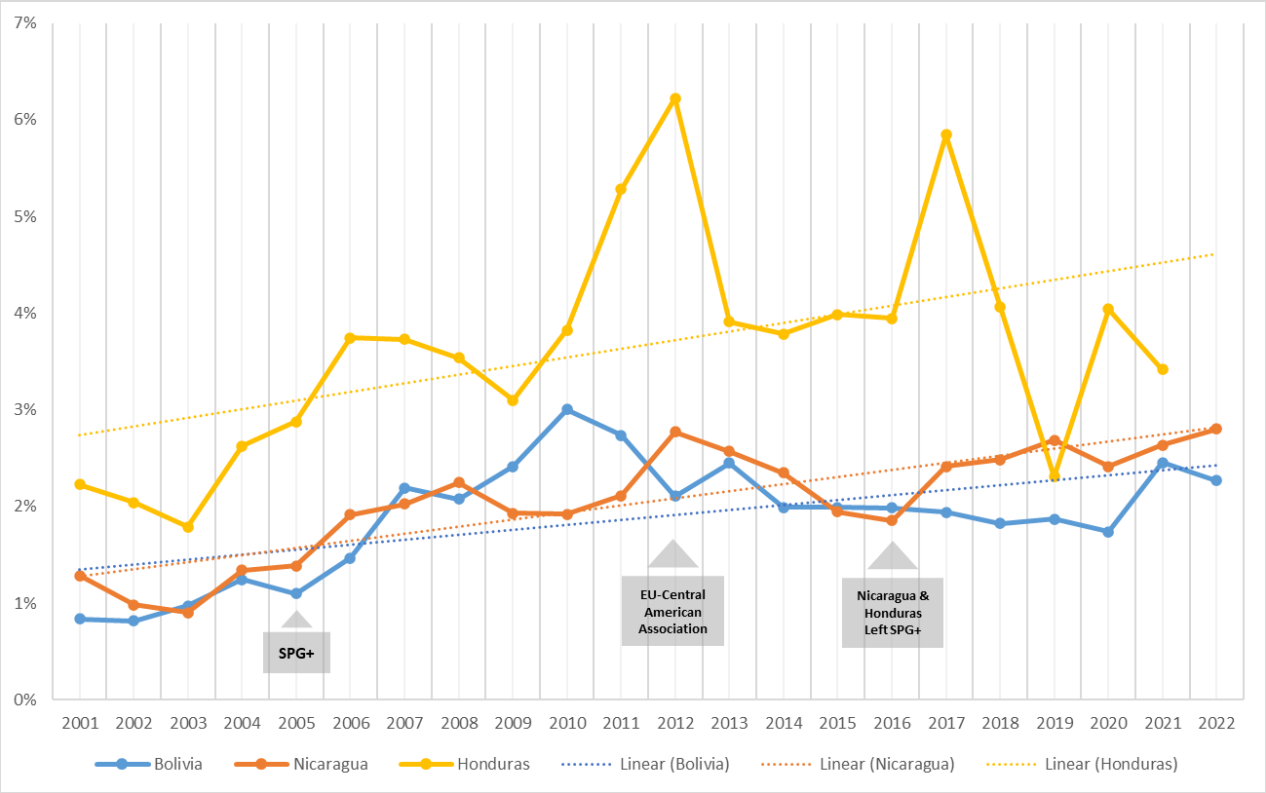
[8] Mirror data is used when a country does not report its trade data.

Bolivia, Nicaragua, and Honduras exports is relevant for understanding whether the scheme effectively achieved the expected result. To comprehensively assess it, an analysis was conducted considering these countries' exports to the EU as a share of their GDP, its significance in these countries' global exports, the GSP+ utilisation rate, and the given slope for specific periods.

Figure 2 illustrates these countries' export shares as a percentage of their GDP. Upon an initial assessment, from 2001 to 2022, all three countries showed positive trend lines, with their EU exports increasing. This growth is further confirmed by Table 1, which provides slope coefficients for specific periods and has exhibited positive values during the period under analysis. However, this table reveals that upon entering the GSP+ scheme in 2005, all countries registered a slowdown in their EU exports, with the slopes being smaller compared to those registered between 2001 and 2005.

From 2005 onwards, Bolivia's EU exports increased until 2010 and declined almost continuously until 2020, when it began to rise again. As for Nicaragua and Honduras, both followed a similar pattern. After experiencing fluctuating growth between 2005 and 2012, both countries peaked their exports to the EU in 2012, coinciding with the signing of the EU-CAAA. Following this peak, Nicaragua’s exports gradually declined until 2016, whereas Honduras faced a significant drop in 2013 but stabilised until 2016. In 2017, the year after officially exiting the GSP+, both countries peaked again. Since then, Nicaragua has continued to grow despite a slight decrease in 2020, whereas Honduras experienced another sharp decline in 2019 before growing again in 2020. This post-GSP+ exit pattern is further supported by Table 1, which shows that Nicaragua’s export growth accelerated after entering the EU-CAAA, with the slope value surpassing the one from when it was a GSP+ beneficiary, and Honduras faced a substantial export decrease, with its slope turning negative.

Figure 2 - Exports to the EU as a share of the GDP



Source: Author's elaboration, based on data from the ITC Database and IMF October 2023 outlook.

Table 1 - Slope Analysis: Exports to the EU as a share of the GDP

Export Growth (EU)	**2001-2022**	**2001-2005**	**2005-2016**	**2016-2022**
Bolivia	0,0005152	0,0009479	0,0000951	
Nicaragua	0,0007339	0,0005560	0,0004203	0,0011478
Honduras	0,0008925	0,0018737	0,0014946	-0,0028031

Source: Author's elaboration, based on data from the ITC Database and IMF October 2023 outlook.

However, to comprehensively understand the evolution of these countries' exports to the EU, it is also essential to consider their global exports. Figure 3 illustrates the proportion of each country's EU exports relative to their global exports as a percentage of GDP. From 2001 to 2022, while Bolivia and Honduras registered a positive trend line, with EU exports growing more than their global exports, Nicaragua registered the opposite, with a negative trend line implying a higher growth in global exports.

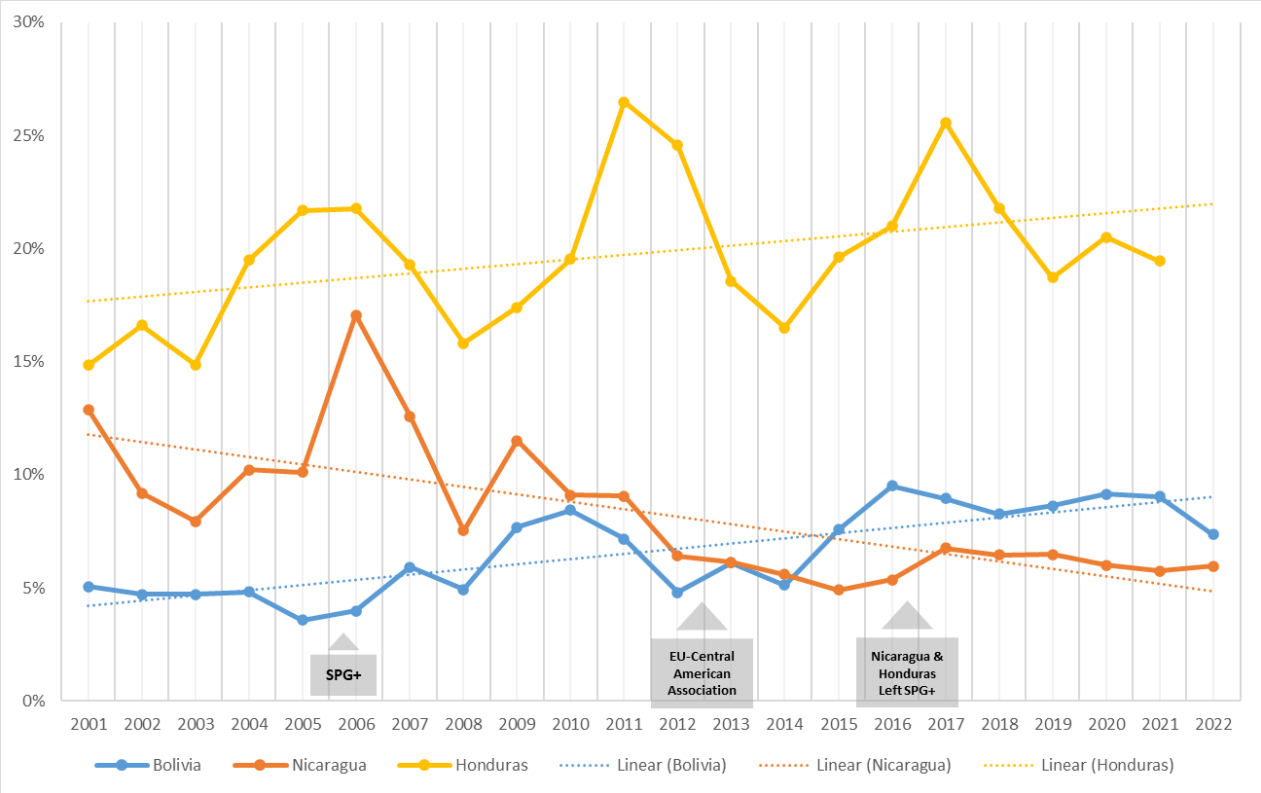
The evolution of Bolivia's EU exports illustrated in Figure 2 is similar to that observed in Figure 3. However, some relevant insights emerge when combined with Table 2, which provides the slope coefficients. Firstly, while Bolivia's EU exports were higher between 2001 and 2005, Table 2 shows that the country registered a negative slope during this period, which indicates that its global exports exceeded its EU exports. Secondly, while Bolivia's EU exports experienced a deceleration in growth following its entry into the GSP+, Table 2 depicts a positive slope from 2005 to 2022, which means that its EU exports grew more than its global exports. Consequently, as a GSP+ beneficiary, Bolivia's exports to the EU have become increasingly significant.

Nicaragua revealed a different outcome. While Figure 2 registered a fluctuating pattern in its EU exports, Figure 3 illustrates a gradual shift towards greater global export relevance. Indeed, the slopes provided in Table 2 reveal that from 2001 to 2005, Nicaragua’s global exports grew faster than its EU exports, despite the positive slope observed in Table 1. This growth intensified after Nicaragua entered the GSP+ in 2005 and persisted, albeit slower pace, following its entrance into the EU-CAAA in 2016. Hence, despite the positive slope observed between 2005 and 2016 in Table 1, the negative slope evident in Table 2 indicates that when Nicaragua benefited from the GSP+, its exports to the EU experienced a decline in relevance.

Concerning Honduras, the evolution of exports to the EU shown in Figure 2, is relatively similar to the one depicted in Figure 3. Before entering the GSP+, Honduras was the only country among the three for which there was a higher growth rate in EU exports than its world exports, as depicted in Table 2. However, upon its entrance, the relevance of global exports increased, with the country registering a negative slope from 2005 to 2016, which further intensified after joining the EU-CAAA in 2016. Therefore,

the GSP+ did not yield the anticipated outcome, as Honduras witnessed a reduction in EU exports compared to global exports.

Figure 3 - Exports to the EU as a share of the GDP / Exports to the World as a share of the GDP



Source: Author's elaboration, based on data from the ITC Database and IMF October 2023 outlook.

Table 2 - Slope Analysis: Exports to the EU as a share of the GDP / Exports to the World as a share of the GDP

Export Growth (EU/W)	**2001-2022**	**2001-2005**	**2005-2016**	**2016-2022**
Bolivia	0,0022982	-0,0028742	0,0025864	
Nicaragua	-0,0033006	-0,0045266	-0,0081309	-0,0002409
Honduras	0,0020549	0,0165070	-0,0002421	-0,0074404

Source: Author's elaboration, based on data from the ITC Database and IMF October 2023 outlook.

On a boarder scope, assessing total exports as a share of the GDP already demonstrates some impact of the scheme. However, since the GSP+ does not cover all tariff lines, it is relevant to complement this analysis with each country's use of GSP+ preferences for their EU exports. Annexes C, D, and E provide this information for Bolivia, Nicaragua, and Honduras, respectively. These graphics illustrate a common trend within all countries, revealing a persistent underutilisation of the GSP+ trade preferences. One of the main reasons for this is that, as noted in each country's profile section, most of these countries' exports to the EU consist of primary commodities, with its tariff lines not being fully covered by the scheme, resulting in insufficient product coverage relative to their export needs. In addition, the erosion of preferences may also contribute to this underutilisation, given that the already low MFN tariff reduces the marginal benefit[9] of GSP+ preferences, thereby making them less attractive for beneficiary countries. Furthermore, the scheme's stringent rules of origin can exacerbate this issue, as rigid import requirements for production inputs can make compliance difficult and discourage using GSP+ preferences.

Subsequently, to enhance the understanding of GSP+ exports to the EU, Table 3 was conducted to supplement the previous analysis. The table presents the slope coefficients for exports under different preference schemes from which countries have benefited. For Bolivia, GSP+ exports increased over the period the country benefited from the scheme (2005 to 2022), although only a minor proportion of Bolivia's total exports to the EU were subject to GSP+ preferences, as shown in Annex C. It is important to note, however, that the volume of preferential exports under the drug regime (2000 to 2005) exceeded those under GSP+. Consequently, while Bolivia's total exports to the EU grew in comparison to its global exports during the GSP+ period, as illustrated in the previous analysis, the growth rate of GSP+ exports decelerated in comparison to the period preceding the introduction of GSP+ (2002-2005).

Regarding Nicaragua, similar to Bolivia, GSP+ exports were consistently lower regarding the totality of Nicaragua's EU exports, as evidenced in Annex D. Yet, according

[9] Difference between the MFN tariff and GSP+ tariff applied to the same product.

to Table 3, as a GSP+ beneficiary, the country experienced a slight increase in GSP+ exports, though at a much slower pace than the previous drug regime. This slight growth is, however, unlikely to have had a significant impact on the country's overall export performance, given that, as previously noted, global exports outpaced EU exports during the GSP+ period. Nonetheless, after Nicaragua joined the EU-CAAA, preferential exports dropped sharply. This suggests that GSP+ may have had a positive effect, as the negative coefficient indicates that leaving the scheme might have slowed export growth.

Consistent with the trends observed for Bolivia and Nicaragua, Honduras's GSP+ exports were also relatively low compared to its total EU exports, as shown in Annex E. However, during its participation in the scheme, Honduras was the only country among the three to experience a decline in GSP+ exports, as evidenced by the negative coefficient in Table 3. In fact, before joining the GSP+, Honduras had increased its exports to the EU as a beneficiary of the drug regime, but this trend reversed when benefiting from the GSP+. This shift may have been further accentuated by the rise in global exports compared to those destined for the EU, as previously observed. Following the implementation of the EU-CAAA, there was a continued decline in exports, while global exports gained prominence, suggesting that neither the GSP+ nor the EU-CAAA significantly impacted Honduras's exports to the EU.

Table 3 - Slope Analysis: GSP+ Exports to the EU

GSP+ Export Growth	**2002-2005**	**2005-2016**	**2016-2022**
Bolivia	3940,7715*	1010,4977**	
Nicaragua	2166,3505*	0,0132**	-2163,7217***
Honduras	12139,5025*	-2633,4607**	-3597,6451***

Source: Author's elaboration, based on data from the UNCTAD Database.

Notes: * Exports under the special arrangements to combat drug production and trafficking (drug regime)

** Exports under the GSP+

*** Exports under the EU-CAAA

5.2. *Export Diversification*

Considering the literature review's limited insights into the effects of non-reciprocal tariff preferences on export diversification, this section aims to contribute to the existing literature by empirically assessing whether Bolivia, Nicaragua, and Honduras have diversified their exports to the EU under the GSP+. To conduct this assessment, the HHI, a well-recognised metric traditionally used to assess market concentration within industries, will be employed, following its use in studies by Persson and Wilhelmsson (2016) and the European Commission (2018).

In evaluating export diversification, the HHI measures the concentration of a country's export profile by summing the squared shares of individual product's tariff lines within total exports. An HHI value close to one (1) implies a higher concentration in a few products and, thus, increased economic vulnerability, while a value near zero (0) reflects a more diversified and resilient export structure. Subsequently, a decreasing HHI value over time suggests that countries are widening their export structure and reducing their vulnerability to external shocks. The HHI is formulated as follows:

$$HHI = \sum_{i=1}^{n} S_i^2$$

where *S* represents the weight of exports of a given product *i* in total exports to the EU.

One of the HHI's strengths lies in its simplicity and clarity. Unlike the more complex Theil index, which also measures export concentration and has been used in the literature, the HHI provides a simple single-value measure, with a higher value indicating concentration and a lower value indicating diversification. The HHI is also particularly effective because it considers both the number of products and the distributions of their shares by squaring each product's share before summing them, thereby giving more weight to products with larger shares. Consequently, if a few products dominate, their larger shares will substantially impact the HHI, resulting in a higher concentration value. Conversely, a more even distribution of shares will lead to a lower HHI, indicating less concentration.

It could be argued, however, that the HHI's efficacy in evaluating export diversification under GSP+ may be influenced by the degree of data aggregation. Highly disaggregated data, such as 8-digit tariff lines, may overestimate diversification by classifying minor variations and differences as new exports. To address this, this analysis employed 2-digit tariff line data, providing a more balanced evaluation by avoiding inflated diversification values while reflecting meaningful changes.

Figure 4 illustrates the calculations of the HII for Bolivia, Nicaragua, and Honduras from 2001 to 2022. On a surface-level analysis, Bolivia's upward trend reflects a growing export concentration over time, whereas Nicaragua and Honduras exhibit negative trends, indicating increasing export diversification.

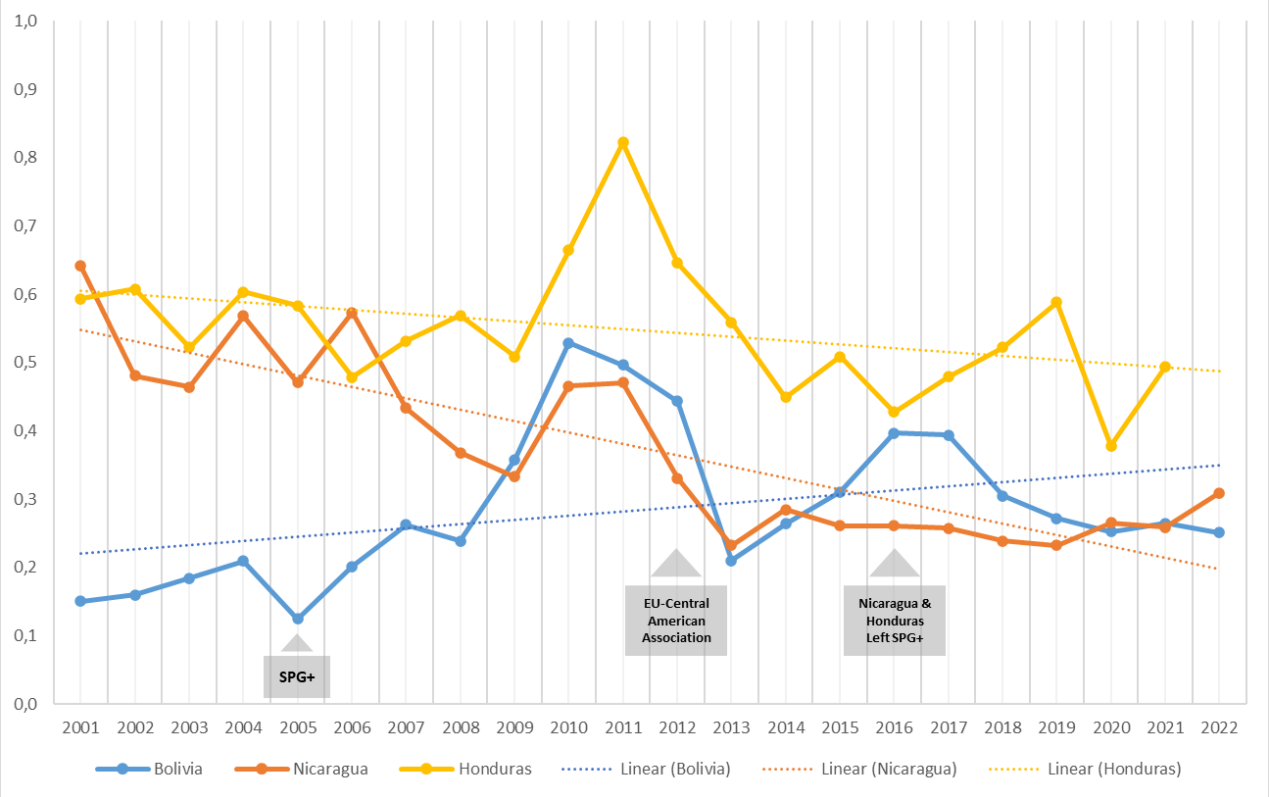
Honduras stands out among the three countries with the highest export diversification level. Following its entry into the GSP+ in 2005, the country initially observed a slight decrease in diversification, which fluctuated until 2009 and then experienced a significant increase, reaching its peak in 2011. From 2011 onwards, this trend reversed, resulting in a greater concentration of exports until 2014. This period was characterised by the signing of the EU-CAAA in 2012 and its provisional implementation in 2013. After its official exit from the GSP+ in 2016, Honduras experienced a period of export diversification again until 2019, when a further decline was observed.

In contrast, Nicaragua's export diversification exhibited a distinctive profile. Following its accession to the GSP+ in 2005, Nicaragua experienced a brief surge in diversification, followed by a steep decline from 2006 until 2009. Notwithstanding a discernible rise in diversification from 2009 to 2011, the country witnessed a resurgence of concentration until 2013, when the EU-CAAA was provisionally enacted. Following this, export diversification remained relatively stable.

As for Bolivia, upon entering the GSP+ in 2005, the country significantly increased export diversification until 2010. However, from 2010 onwards, a gradual shift towards a more concentrated export structure persisted until 2013, when Bolivia diversified its exports again. However, this progress was reversed in 2017, leading to a resurgence in concentration.

The aforementioned pattern is further corroborated by Table 4, which provides the coefficients of the slopes of the adjustment lines for specific periods. It indicates that prior to joining the GSP+ in 2005, all three countries exhibited a tendency towards export diversification, given their negative slopes. However, after entering the GSP+, Bolivia diverged from this trend, concentrating its exports from 2005 to 2022 despite the GSP+ benefits. In contrast, both Nicaragua and Honduras continued to diversify their exports under the GSP+ scheme, although Nicaragua's diversification was slower compared to Honduras. Following their exit in 2016, both Nicaragua and Honduras experienced a shift toward increased export concentration, as indicated by the positive slopes.

Figure 4 - Evolution of the HHI



Source: Author's elaboration, based on data from the ITC Database and IMF October 2023 outlook.

Table 4 - Slope Analysis: Evolution of the HHI

Exports Diversification (EU)	**2001-2022**	**2001-2005**	**2005-2016**	**2016-2022**
Bolivia	0,0061406	-0,0001581	0,0010935	
Nicaragua	-0,0166336	-0,0254362	-0,0238826	0,0062270
Honduras	-0,0056437	-0,0025231	-0,0052275	0,0027621

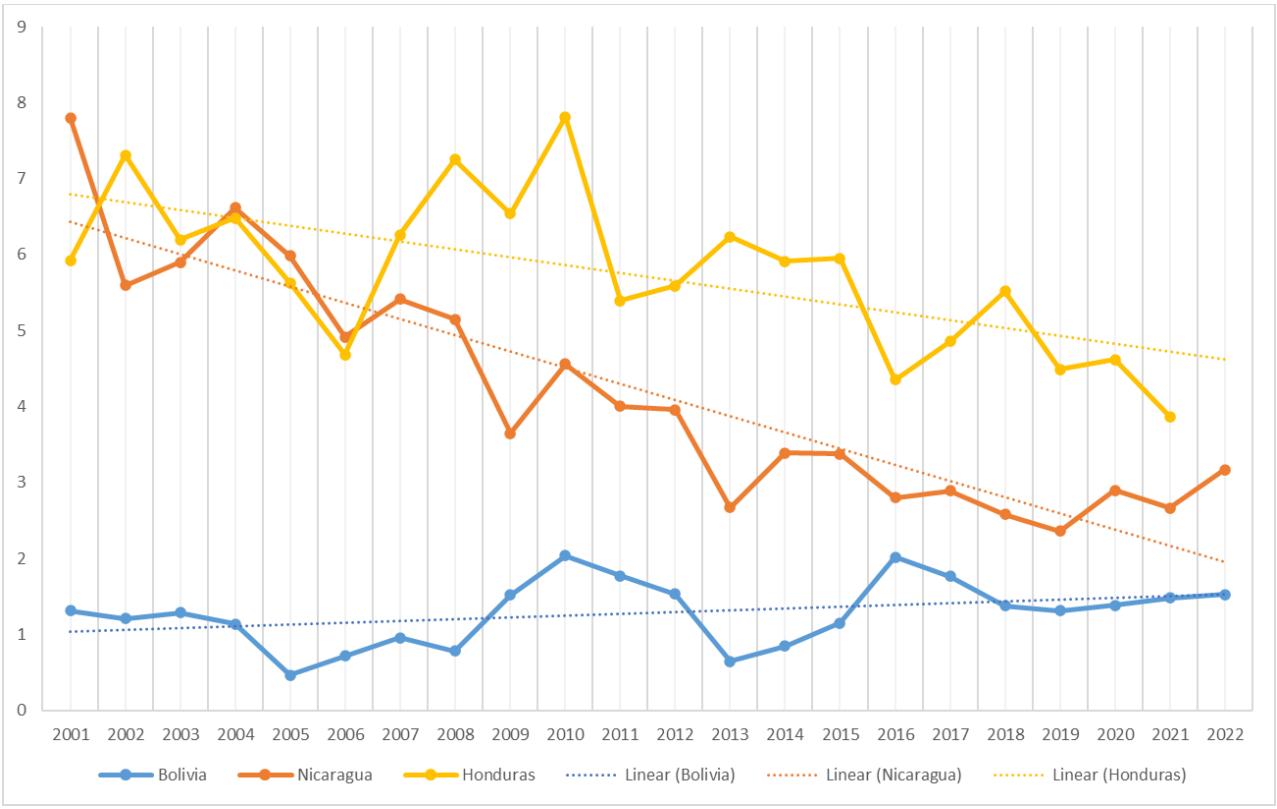
Source: Author's elaboration, based on data from the ITC Database and IMF October 2023 outlook.

Nevertheless, the evolution of the HII on these countries' exports to the EU alone is insufficient to assess whether the GSP+ has effectively promoted export diversification during the analysis period. To address this, Figure 5 expands on Figure 4 by examining the correlation between the HHI of these countries' exports to the EU and the HHI of their export patterns to the rest of the world. To better understand Figure 5, note that the higher the value is on the y-axis, the more concentrated exports to the EU are compared to the rest of the world. Thus, a positive trend line suggests that these countries concentrated more their exports to the EU than their global exports, while a negative trend indicates the opposite. Considering this, for the GSP+ to be deemed effective in promoting export diversification, beneficiary countries are expected to diversify their exports to the EU while concentrating their exports globally.

The positive trend line observed in Bolivia from 2001 to 2022 suggests a shift towards a greater concentration of exports in the EU, whereas, in contrast, the negative trend line exhibited by Nicaragua and Honduras indicates that these countries diversified their exports to the EU to a greater extent than they did globally. These results are consistent with those presented in Figure 4. Further confirmation can be found in the slope coefficients presented in Table 5, which shows that before joining the EU GSP+ in 2005, all countries were diversifying their exports to the EU compared to globally. Post-2005, Bolivia moved towards greater concentration in the EU, while Nicaragua and Honduras continued to diversify their EU exports, with Honduras increasing its diversification significantly.

An interesting development occurred in 2016 when Nicaragua and Honduras ceased participation in the GSP+. Notwithstanding the observed shift towards concentration in Nicaragua's exports to the EU, as illustrated in Table 5 and consistent with Figure 4, Honduras persisted in diversifying its exports, albeit at a slower pace. This contrasts with the scenario in Figure 4, in which Honduras shifted towards concentration as an EU-CAAA beneficiary.

Figure 5 - HHI on Exports to the EU / HHI on Exports to the World



Source: Author's elaboration, based on data from the ITC Database and IMF October 2023 outlook.

Table 5 - Slope Analysis: HHI on Exports to the EU / HHI on Exports to the World

Trade Diversification (EU/W)	**2001-2022**	**2001-2005**	**2005-2016**	**2016-2022**
Bolivia	0,0235126	-0,1757162	0,0391908	
Nicaragua	-0,2130719	-0,2616009	-0,2623108	0,0345914
Honduras	-0,1033729	-0,1420196	-0,0538117	-0,1193112

Source: Author's elaboration, based on data from the ITC Database and IMF October 2023 outlook.

5.3. Sustainable Development Goals Compliance

In alignment with the SDGs, this section aims to provide a comprehensive overview of Bolivia, Nicaragua, and Honduras' efficiency in progressing their economies towards achieving these goals and, therefore, sustainability compliance. As the SDGs encompass qualitative variables, including those forming the baseline of the EU GSP+, such as human, labour, environmental, and governance dimensions, data from the Sustainable Development Report was used to quantify these aspects. This report offers an extensive database, assigning an overall score to each country for every subject within a specific SDG, reflecting the percentage of its achievement.

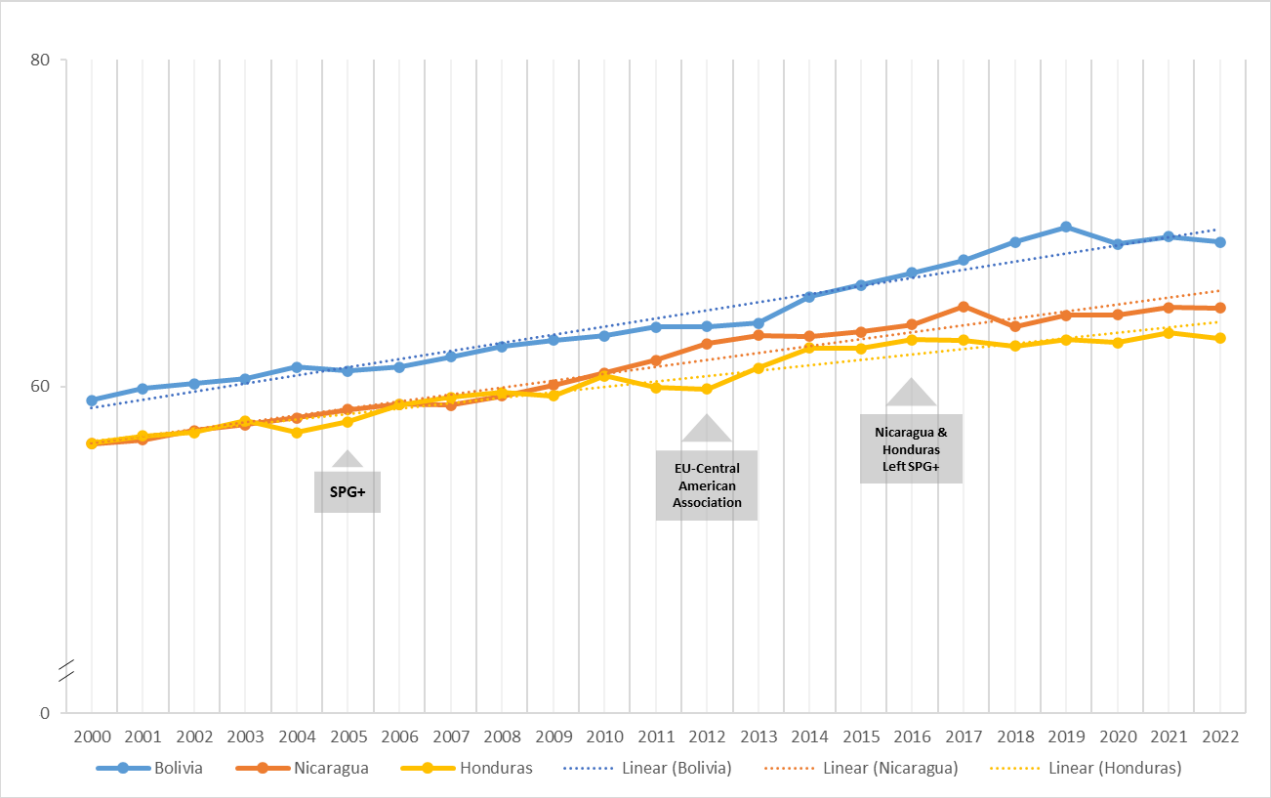
Figure 6 illustrates the progress made by Bolivia, Nicaragua, and Honduras in achieving all 17 SDGs from 2000 to 2022. Throughout this period, Bolivia consistently ranked highest among the three countries, exhibiting a steady improvement as reflected by its positive trend line. The country experienced, however, a brief decline in SDG progress from 2011 to 2013, which may be attributed, at least in part, to an investigation conducted by the European Commission into Bolivia's compliance with the Twenty-Fourth International Convention, the United Nations Single Convention on Narcotic Drugs. The investigation was conducted due to Bolivia's denunciation of the convention in 2012, which prompted the European Commission to threaten the loss of GSP+ preferences. In response, the country re-ratified the convention in 2013, which may have positively impacted the rebound in SDG progress until 2019. That year, progress faltered

again, likely influenced by the political crisis erupting when Evo Morales sought a fourth term. Furthermore, the influence of the GSP+ on the country's performance can be observed in Table 6, demonstrating that Bolivia's growth exhibited varying degrees of intensity. From 2000 to 2005, progress was relatively slower, potentially due to political instability, with five different presidents assuming power during that period. After 2005, when Bolivia joined the GSP+, its growth accelerated, surpassing previous levels.

Nicaragua also exhibited a positive trend line from 2000 to 2022, as depicted in Figure 6, despite the considerable socio-political and economic challenges faced under the presidency of Daniel Ortega from 2007 onwards. As detailed in Table 6, before Ortega's presidency, there was a consistent trajectory of progress towards achieving the SDGs between 2000 and 2005, which continued following its ascension to power and the country's entrance into the GSP+. Indeed, Nicaragua even registered a higher growth during its GSP+ beneficiary period than in the preceding period. This trend then decelerated between 2016 and 2022, coinciding with the country's transition to the EU-CAAA. While other potential factors may have contributed to this slowdown, the exit from the GSP+ and the deeper political instability that arose from the allegations of electoral fraud in 2016 and 2021 are likely significant factors. Thus, the most significant progress towards achieving the SDGs occurred as a GSP+ beneficiary.

Regarding Honduras, Figure 6 exhibits a positive trend towards the SDGs from 2000 to 2022, similar to the trends observed in the other two countries. While progress remained relatively stable throughout most of this period, there was a temporary decline in 2010, followed by a recovery in 2012 and a stabilisation by 2015. This decline may be attributed to the 2009 military coup, which led to a deep socio-political and economic crisis and deteriorated social conditions in the country. As shown in Table 6, the growth rate between 2000 and 2005 was comparatively lower than in the subsequent period following Honduras' accession to the GSP+, during which the country experienced accelerated progress toward the SDGs. In fact, growth has decelerated considerably following Honduras' transition to the EU-CAAA. Consequently, similar to Nicaragua, Honduras achieved its most significant SDG advancements while benefiting from GSP+.

Figure 6 - Evolution of the SDG Index Score



Source: Author's elaboration, based on data retrieved from Sustainable Development Report.

Table 6 - Slope Analysis: Evolution of the SDG Index Score

SDG	2000-2022	2000-2005	2005-2016	2016-2022
Bolivia	0,497530	0,377365	0,553621	
Nicaragua	0,423240	0,421110	0,536980	0,128083
Honduras	0,329008	0,225530	0,402877	0,049774

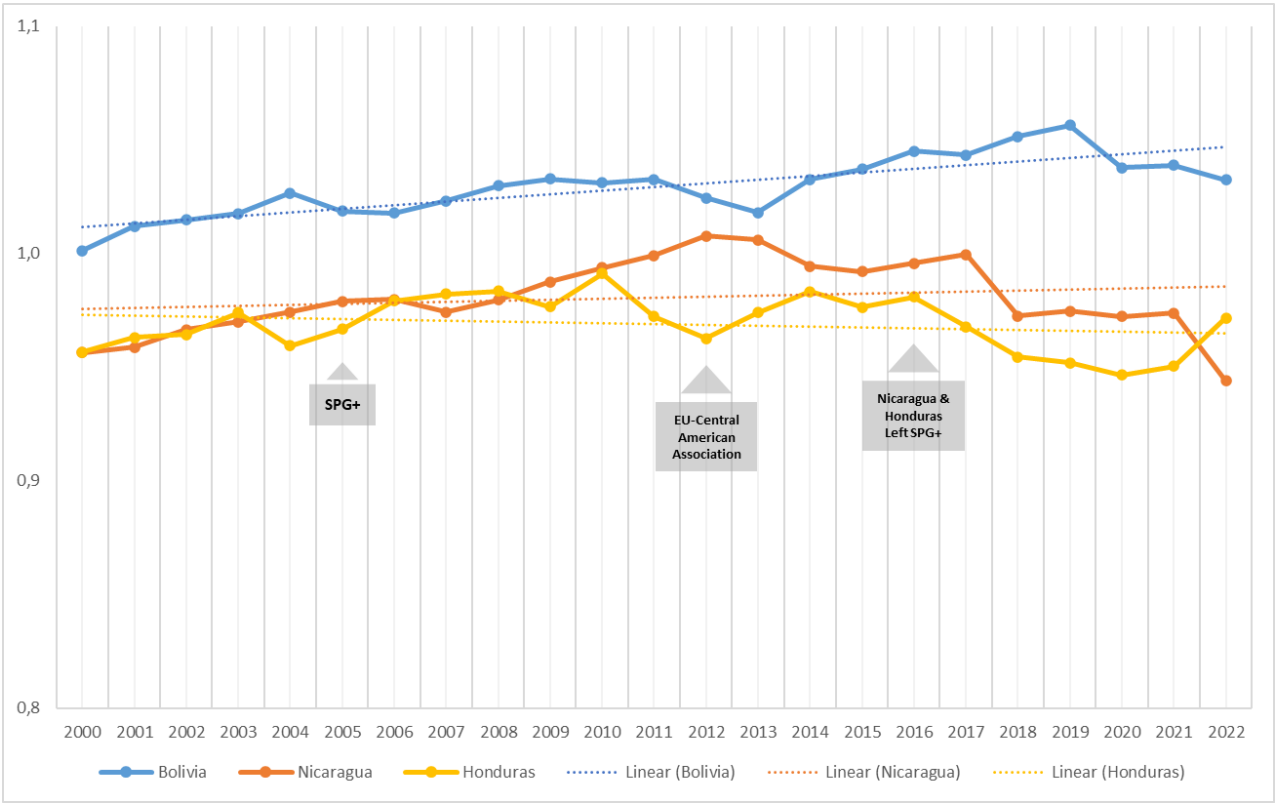
Source: Author's elaboration, based on data from the Sustainable Development Report.

Nonetheless, comparing each country's performance concerning global progress towards achieving the SDGs reveals that their advancement was less pronounced than previously seen. As observed in Figure 7, from 2000 to 2022, Honduras had a negative trend line, indicating that its progress was below the global average, while Nicaragua's trend line was relatively flat, showing only modest improvement. In contrast, the positive trend line observed in Bolivia indicates that the country has outperformed the global average in terms of progress towards the SDGs during this period.

However, when evaluating specific periods, it is of particular significance to highlight that, as noted earlier in Table 6, all countries experienced the most substantial growth towards SDGs during the period they benefited from the GSP+. Yet, an intriguing pattern emerges when comparing their progress to global averages. The slope coefficients in Table 7 reveal that before joining the GSP+, these countries achieved stronger progress compared to global trends. However, once they entered the scheme, their progress slowed but remained above global averages. Interestingly, when Nicaragua and Honduras transitioned from the GSP+ to the EU-CAAA, their progress took a marked downturn, with Figure 7 illustrating a significant decline in both countries' advancement after leaving the GSP+. This trend is further corroborated by Table 7, which shows that between 2016 and 2022, the slope representing Nicaragua's and Honduras' progress relative to the global average turned negative.

Hence, notwithstanding the socio-political and economic challenges these countries have confronted over time, with some being more severe than others, it is important to recognise that during their time under the GSP+, these countries progressed towards the SDGs. This indicates that, even though the literature review highlights occasional inconsistencies in complying with GSP+ mandatory conventions and inconsistencies in the EU's safeguard mechanisms, the GSP+ has positively influenced SDGs progress. Although this may seem contradictory given the severe issues outlined in the country profiles, it is essential to consider that these challenges are specific instances. The SDGs cover a broad range of variables across all 17 goals, which may explain the overall positive outcomes observed despite these difficulties.

Figure 7 - Countries' SDG Index Score / World's SDG Index Score



Source: Author's elaboration, based on data retrieved from Sustainable Development Report.

Table 7 - Slope Analysis: Countries' SDG Index Score / World's SDG Index Score

SDG / World	2000-2022	2000-2005	2005-2016	2016-2022
Bolivia	0,001596	0,003823	0,001444	
Nicaragua	0,000994	0,004671	0,002206	-0,007393
Honduras	-0,000370	0,001394	0,000103	-0,002485

Source: Author's elaboration, based on data retrieved from Sustainable Development Report.

6. Conclusion

Under WTO legislation, preferential tariff schemes were introduced to enable beneficiary countries to improve their competitiveness in the global market, thereby justifying a deviation from the MFN principle. Initially, the EU's GSP was created to generate economic benefits, but it has since been expanded to include sustainable practices and compliance with international conventions through the GSP+. Whether this expanded scheme has been effective remains a topic of debate. This study explored this question further by assessing the effectiveness of the EU GSP+ in promoting sustainable development by assessing export growth and diversification, as well as progress towards the SDGs in Bolivia, Nicaragua, and Honduras.

By assessing these countries' EU exports as a share of GDP, the HHI, and comparing their relative weight in the countries' global exports, this analysis has shown mixed results regarding GSP+'s economic effects. On the one hand, Bolivia, as a GSP+ beneficiary, has experienced a slight increase in its EU exports when compared to its global exports, but these have also become more concentrated, suggesting that the scheme led to export growth but not to a diversification of the country's export base. On the other hand, Nicaragua and Honduras exhibited a higher growth in their global exports than in their EU exports, suggesting that the GSP+ did not yield the anticipated outcome on export growth in these countries. However, both Nicaragua and Honduras achieved a greater diversification of their EU exports as GSP+ beneficiaries, a trend reversed after the countries transitioned to the EU-CAAA, demonstrating the scheme's positive influence on export diversification.

Given these two different results, it is not possible to determine the true impact of the GSP+ on export growth and diversification. Additionally, the consistent underutilisation of the scheme's preferences further undermines its potential. The limited coverage of the GSP+, which may exclude tariff lines relevant to these countries' exports, along with strict compliance requirements, creates significant barriers to an effective engagement with the scheme, resulting in only marginal benefits.

Regarding social and environmental impacts, the analysis highlights a positive effect of the GSP+ by comparing the progress of Bolivia, Nicaragua, and Honduras

towards achieving the SDGs with global averages. Despite allegations of serious violations, mostly human rights and good governance, these countries have consistently progressed towards the SDGs during their participation in the GSP+, with progress fluctuating but remaining above global averages. It could be argued, however, that the ratification of the GSP+ international conventions did not directly influence this progress. In this regard, it is important to recognise that these countries are subject to the EU's safeguard mechanism, which ensures compliance with the ratified conventions. Although this mechanism has sometimes been underemployed, it has had tangible effects, with, for instance, Bolivia facing a potential loss of preferences after failing to adhere to the narcotics convention. Furthermore, the analysis has also shown that Nicaragua and Honduras, after transitioning to the EU-CAAA, significantly lowered their progress towards SDGs, further reinforcing the GSP+'s positive effect in driving compliance with international norms.

All considered, assessing the effectiveness of the EU GSP+ in promoting sustainable development does not yield straightforward conclusions. It is, however, evident that the above results demonstrate the EU's commitment to sustainability. While the economic impacts may vary among beneficiary countries, there is evidence that the scheme does promote sustainable practices. This suggests that, despite its complexities and challenges, the GSP+ represents, to some extent, a viable mechanism for promoting sustainable development in developing countries.

It should be noted, however, that this research focuses on a limited set of Latin American countries, and the results may not be representative of other regions benefiting from the GSP+, such as Asia or Africa, where trade relationships and economic structures may differ significantly. Additionally, this research does not consider external variables that might impact the provided results, such as changes in industry dynamics and shifts in global demand. Hence, further research assessing these dimensions might be of interest. It would also be interesting to compare the EU's GSP+ with similar schemes offered by other global powers, such as China or the USA, which tend to focus more on economic matters. This would provide valuable insights into how different international actors integrate or overlook sustainability in their trade policies.

To conclude, one crucial insight deserves consideration. As global trade continues to evolve and barriers are further dismantled, the core principle of preference schemes, in which developing countries are offered lower tariffs than developed ones, is being undermined. In essence, the growth in FTAs and Customs Unions reduces the number of countries subject to MFN tariffs, thus eroding the comparative advantages of preferences. Consequently, addressing the structural challenges developing countries face requires an approach beyond tariff reductions, which is the main objective of the GSP+. However, the GSP+'s conditionality of ratifying international conventions may be insufficient in this regard, as there is a possibility that countries may not fully comply. Future trade policies should, therefore, extend beyond tariff schemes and embrace an approach that integrates trade, aid and targeted domestic reforms to foster sustainable development tailored to the specific needs of developing economies.

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APPENDICES

Annex A: Overview of the main differences between GSP, GSP+ & EBA on Regulation (EU) No 978/2012

	Standard GSP	**GSP+**	**EBA**
Beneficiaries	- Low or low-middle-income countries - No additional trade agreements with the EU	- Low or low-middle-income countries - Must be considered vulnerable in terms of lack of export diversification and low export and import volumes - No additional trade agreements with the EU	Least Developed Countries
Obligations	None	- To ratify twenty-seven international conventions	None
Products Covered	Around 66% of all EU tariff lines – more than 6,000 products	Around 66% of all EU tariff lines - more than 6,000 products	For all products, except arms and ammunition – there are more than 9,000 tariff lines.
Sensitive goods	- Duty reduction: 30% reduction in the MNF duty for specific duties, a flat reduction of 3.5 percentual points to the MFN duties, and a 20% reduction for MNF duties on textiles and clothing.	Duty-free entry	Duty-free and quota-free entry
Non-sensitive goods	Duty-free entry. It covers around 26% of all EU tariff lines.	Duty-free entry	Duty-free and quota-free entry

Source: European Commission (2018); GSP Hub (2021); UNCTAD (2021).

Annex B: GSP+ List of International Conventions

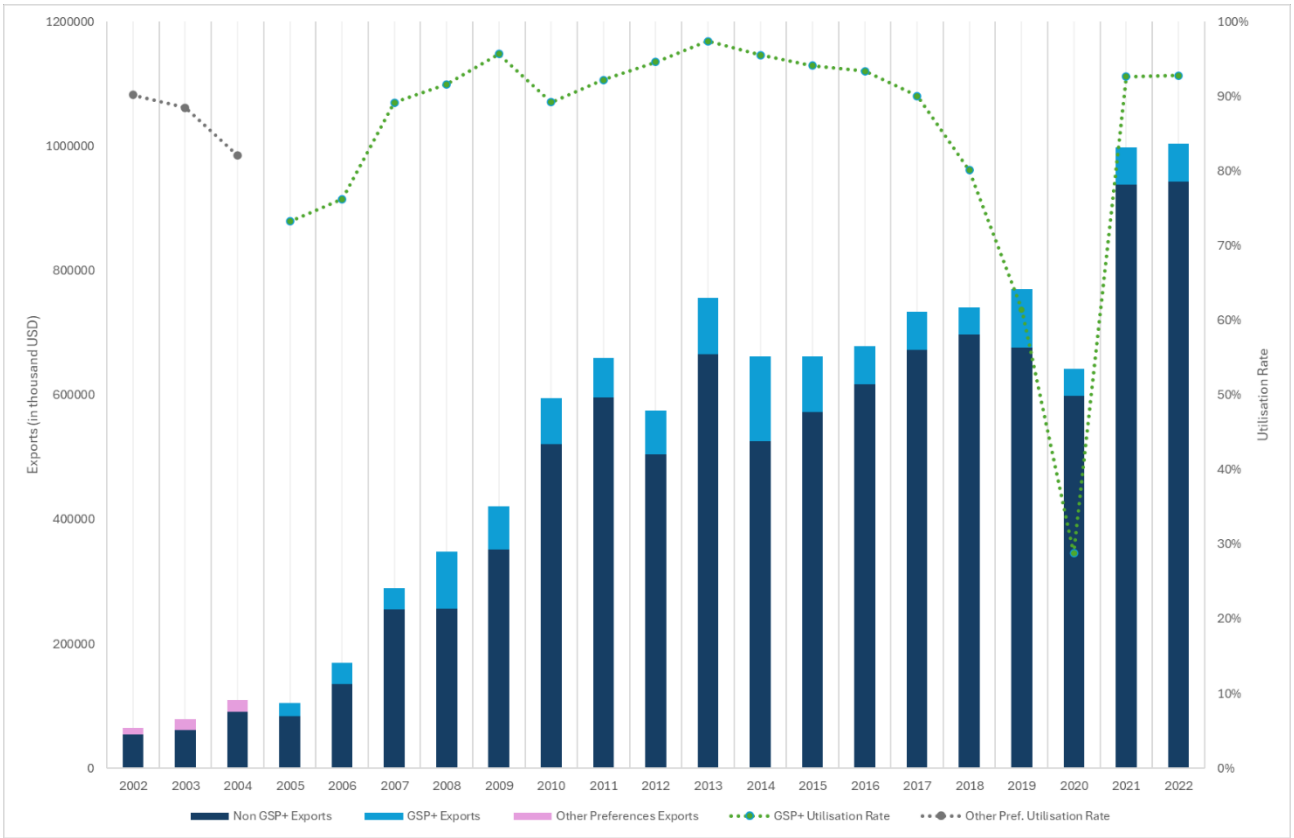
(a) ***Core human and labour rights UN/ILO Conventions***

1. Convention on the Prevention and Punishment of the Crime of Genocide (1948)
2. International Convention on the Elimination of All Forms of Racial Discrimination
3. International Covenant on Civil and Political Rights (1966)
4. International Covenant on Economic, Social, and Cultural Rights (1966)
5. Convention on the Elimination of All Forms of Discrimination Against Women (1979)
6. Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (1984)
7. Convention on the Rights of the Child (1989)
8. Convention concerning Forced or Compulsory Labour, No 29 (1930)
9. Convention concerning Freedom of Association and Protection of the Right to Organise, No 87 (1948)
10. Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No 98 (1949)
11. Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No 100 (1951)
12. Convention concerning the Abolition of Forced Labour, No 105 (1957)
13. Convention concerning Discrimination in Respect of Employment and Occupation, No 111 (1958)
14. Convention concerning Minimum Age for Admission to Employment, No 138 (1973)

15. Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No 182 (1999)
(b) ***Conventions related to the environment and governance principles***
16. Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)
17. Montreal Protocol on Substances that Deplete the Ozone Layer (1987)
18. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (1989)
19. Convention on Biological Diversity (1992)
20. The United Nations Framework Convention on Climate Change (1992)
21. Cartagena Protocol on Biosafety (2000)
22. Stockholm Convention on Persistent Organic Pollutants (2001)
23. Kyoto Protocol to the United Nations Framework Convention on Climate Change (1998)
24. United Nations Single Convention on Narcotic Drugs (1961)
25. United Nations Convention on Psychotropic Substances (1971)
26. United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
27. United Nations Convention against Corruption (2004)

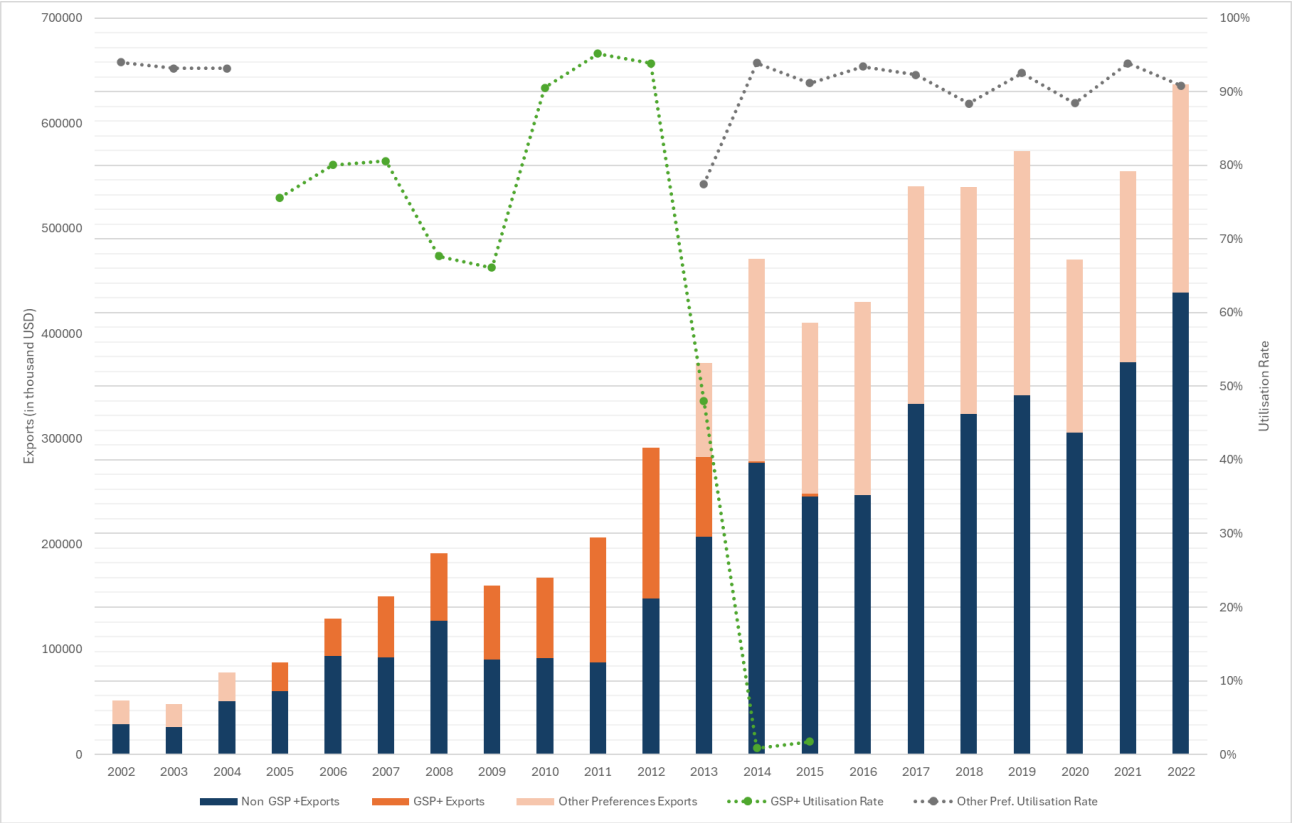
Source: Regulation (EU) No 978/2012.

Annex C: Bolivia GSP+ Utilisation



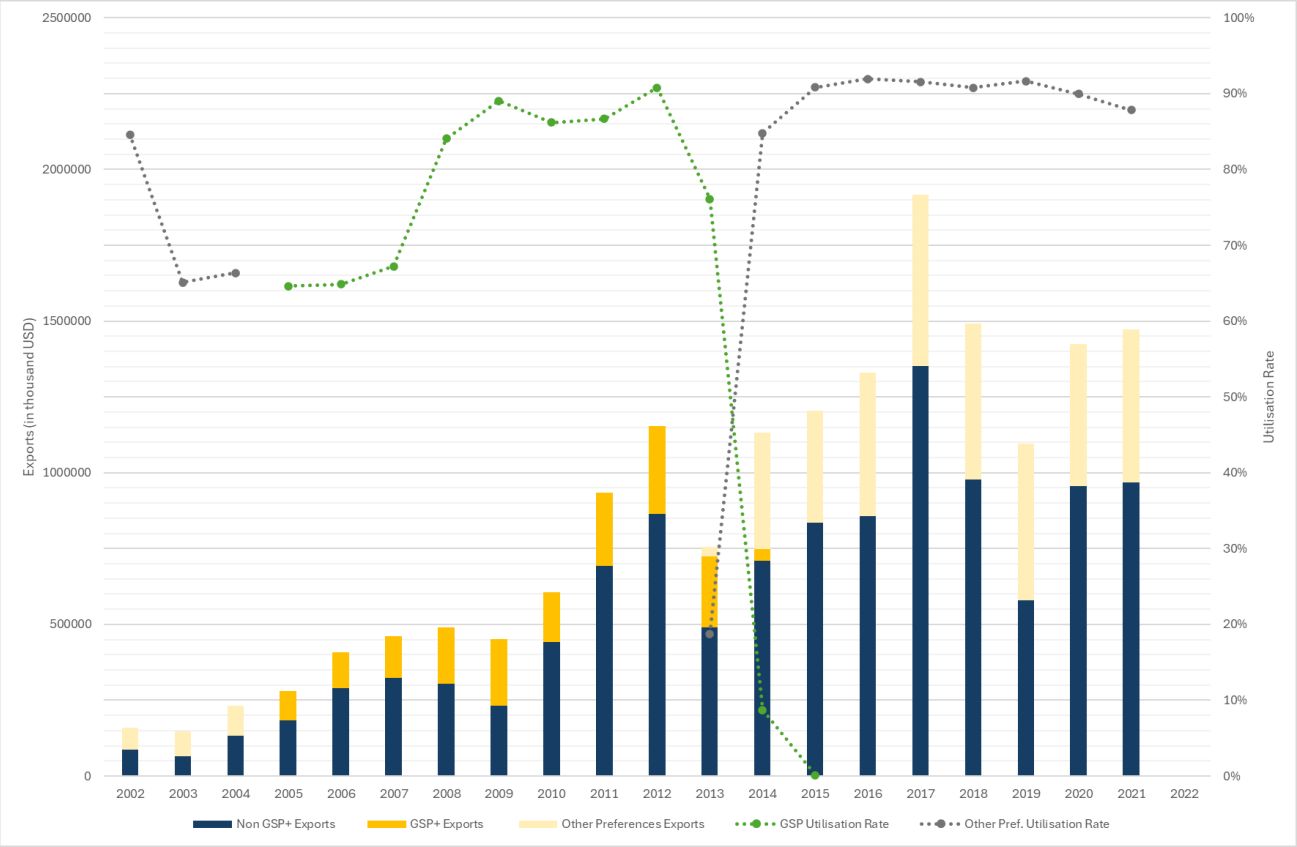
Source: Author's elaboration, based on data from the ITC Database and UNCTAD Database.

Annex D: Nicaragua GSP+ Utilisation



Source: Author's elaboration, based on data from the ITC Database and UNCTAD Database.

Annex E: Honduras GSP+ Utilisation



Source: Author's elaboration, based on data from the ITC Database and UNCTAD Database.