

System of generalised tariff preferences (GSP): extension of the validity of the current scheme to 31 December 2013

2010/0140(COD) - 14/04/2010 - Legislative proposal

PURPOSE: to extend Council Regulation (EC) No 732/2008 until 31 December 2013.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

LEGAL BASE: Article 207(2) of the Treaty on the Functioning of the EU.

BACKGROUND: the European Union grants trade preferences to developing countries in the framework of the generalised system of preferences (the GSP). The GSP is implemented through successive Regulations applying a scheme of generalised tariff preferences with a period of application of three years at a time. The current scheme is established by Council Regulation (EC) No

[732/2008](#) which will expire on 31 December 2011. After this date operation of the GSP will lapse unless appropriate legislative action is taken to ensure continuity. The remaining period of application of the GSP Regulation is insufficient to permit the preparation of a Commission proposal on a successor regulation through the ordinary legislative procedure. It is, however, desirable to ensure continuity in the operation of the scheme beyond 31 December 2011. The consequences of any discontinuity in legal cover for GSP would be that all imports under GSP would revert to standard most favoured nation treatment, except for those from least developed countries which would be covered by the Everything But Arms (EBA) regime.

IMPACT ASSESSMENT: no impact assessment was carried out.

CONTENT: in parallel to the work on the next GSP Regulation, it is proposed to maintain the current Regulation beyond 31 December 2011 with minimum changes until such time as a successor Regulation is agreed and enters into force. Given prevailing uncertainties about the time it will take to complete the legislative process on a successor Regulation, **it is proposed to extend the validity of the current GSP Regulation until 31 December 2013**. This should create an adequate window for the successor Regulation to be prepared and agreed with sufficient notice for economic operators and beneficiary countries to make themselves ready for any changes made without running the risk that an open-ended extension would in effect perpetuate the status quo and delay opportune reforms in the scheme.

This proposal amends only those elements of Regulation (EC) No 732/2008 which are necessary for the extension of its validity to 31 December 2013. No changes are proposed to the graduation of specific product sections in respect of individual beneficiaries as already provided for in the current Regulation. The proposal introduces adjustments to permit developing countries which fulfil the criteria for being eligible for the special incentive arrangement for sustainable development and good governance (GSP+) to benefit from the additional tariff preferences under this agreement if, upon their request by 31 October 2011 or 30 April 2013, the Commission decides to grant them the special incentive arrangement respectively by 15 December 2011 or 15 June 2013. Developing countries which have already been granted benefits under the special incentive arrangement as a result of the relevant Commission Decisions of December 2008 and June 2010 should retain that status during the extension of the present scheme. Commission Decision 2008/938/EC on the list of beneficiary countries which qualify for GSP+ limited the period of validity of this preferential treatment from 1 January 2009 to 31 December 2011.

Comitology: Council Regulation (EC) No 732/2008 contains certain powers reserved to the Council which are not based on Council Decision 1999/468/EC laying down the procedures for the exercise of implementing powers conferred on the Commission². The Commission will make a proposal which will revise all such procedures in the common commercial policy in the light of the system of implementing acts set out in Article 291 of the Treaty on the Functioning of the European Union and the regulation on the rules and general principles concerning the Commission's exercise of the implementing powers adopted on the basis of Article 291(3).

That proposal will also address Articles 16(4), 19(4) and (5) and 22(2) of the present Regulation. It will be presented as soon as possible and will follow the adoption by the Commission on 9 March 2010 of its proposal on the rules and general principles concerning the Commission's exercise of its implementing powers.

FINANCIAL IMPLICATIONS: the proposal on the extension of the current GSP Regulation does not incur costs charged to the EU budget. Its application would also not entail any loss of customs revenue compared to the current situation.