

Scheme of generalised tariff preferences (GSP)

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The Council took note of the initial presentation by Commissioner De Gucht of the proposal for a comprehensive review of the GSP regulation, adopted by the Commission on 10 May 2011, and held a preliminary exchange of views.

Member States welcomed the proposal as a basis for updating the current GSP framework, to make it more efficient and to tailor it more closely to the needs of its beneficiary countries. The Council will begin a detailed technical examination of the proposal in the near future and will work closely with the European Parliament under the ordinary legislative procedure with the aim of putting the new GSP framework in place as quickly as possible.

The EU's system of generalised preferences has been in force since 1971 and plays a crucial role in the EU's overall approach to trade and development. Trade preferences granted to developing countries contribute to their integration into the global trade system, to their sustainable development and to good governance, whilst providing, at the same time, considerable support to improving quality of life and human rights protection in those countries. The system now needs to be adapted to the changed global landscape and made more efficient so that it responds better to the specific needs of the beneficiary countries.

The Commission is proposing a new, open-ended system that would concentrate preferences on the countries in greatest need, taking account of rapidly changing economic and trade patterns and acknowledging that the crisis and preference erosion have been hitting the poorest countries hard.

The selection of beneficiaries will be largely income-based, with countries already enjoying preferences under free-trade agreements or autonomous arrangements being excluded from the scheme.

The EU's current system of generalised preferences is based on Council Regulation (EC) 732/2008, supplemented by Commission Decision 2008/938/EC setting out the list of beneficiaries of the GSP special incentive for sustainable development and good governance, known as "GSP+".

The EU's GSP consists of a general arrangement and two special arrangements:

- the general arrangement provides for substantial tariff reductions or suspensions for goods imported from developing countries which are not classified by the World Bank as high-income countries and which are not sufficiently diversified in their exports;
- the first special incentive arrangement for sustainable development and good governance, "GSP+", provides for further tariff reductions for developing countries which sign, ratify and effectively implement a set of core UN and International Labour Organisation (ILO) conventions on human and labour rights, environmental protection and good governance;
- the second special arrangement, the Everything But Arms (EBA) arrangement, provides for full duty-free and quota-free imports of all goods from the least-developed countries (LDCs), with the exception of arms. Under the Commission proposal, the EBA arrangement will not be changed.

Regulation (EC) No 732/2008 expires on 31 December 2011 but will be rolled over to 31 December 2013 (or until the new comprehensive regulation enters into force, whichever is sooner).