

Scheme of generalised tariff preferences (GSP)

2011/0117(COD) - 09/03/2012 - Committee report tabled for plenary, 1st reading/single reading

The Committee on International Trade adopted the report by Christofer FJELLNER (EPP, SE) on the proposal for a regulation of the European Parliament and of the Council applying a scheme of generalised tariff preferences.

The committee recommends that the position of the European Parliament in first reading following the ordinary legislative procedure should be to amend the Commission proposal, as follows:

Duration of the regulation: the Commission proposes that this should be an open ended regulation, with no end date for when the latter will have to be renewed. In view of the major changes proposed, Members state that the scheme of generalised tariff preferences should continue to apply for a **period of 10 years**, except for the special arrangement for the least-developed countries, which should continue to be applied without any expiry date. The scheme must be reviewed five years after its entry into force. The committee feels that this would still be a period long enough in order to ensure predictability and stability, and would also coincide with the timeframe presently set out for the guidelines for the application of the scheme of generalised tariff preferences. The Everything But Arms scheme should however, as has been the case up to now, be open-ended.

General arrangement: Members clarified that Least Developed Countries (LDCs) will always benefit from the tariff preferences provided under the general arrangement, as long as they are classified as LDCs by the UN.

Eligible countries: the Commission's proposal had stated that the scheme would not apply to a country if it has been classified by the World Bank as a high-income or an upper-middle income country during three consecutive years immediately preceding the update of the list of beneficiary countries. However, the committee specified that **this not apply until two years after the entry into force of the Regulation**, for countries which by the date of its entry into force have concluded the negotiations of a bilateral preferential market access agreement with the Union, which is not yet applied as the ratification process is still ongoing. Members feel that countries in this position should not be excluded from the GSP from the outset. This is in order to avoid re-establishing MFN duties under a transitional period which could lead to possible trade disruptions for a country which has undertaken a commitment to strengthen the trade relations with the European Union.

Members add that in order to facilitate information and increase transparency, the Commission shall also ensure that the relevant statistical data for the GSP sections are regularly available in a public database.

Special incentive arrangement for sustainable development and good governance: Members state that a GSP beneficiary country may benefit from the tariff preferences provided under the special incentive arrangement if it has ratified all the conventions listed in Annex VIII **without any reservations found to be inconsistent with their objectives and purposes by a body set up under the same conventions** and the most recent available conclusions of the relevant monitoring bodies do not identify a serious failure to effectively implement any of these conventions.

The committee amends the text to ensure that the decision on whether a country is admitted to the arrangement is taken **through delegated acts** to establish or to amend Annex III in order to grant a requesting country the special incentive arrangement and to add that country to the list of GSP+ beneficiary countries. Equally, the Commission shall be empowered to adopt a delegated act to amend Annex III in order to remove that country from the list of GSP+ beneficiary countries.

Delegated acts will also be used to amend Annex IV in order to remove a country from the list of EBA beneficiary countries following a transitional period of three years as from the date on which the delegated act entered into force.

The Commission shall keep under review the status of ratification of the conventions listed in Annex VIII and shall monitor their effective implementation, as well as cooperation with the monitoring bodies, by examining the conclusions and recommendations of the relevant monitoring bodies. The Committee recalls that for the purposes of monitoring and withdrawal of preferences, **reports from monitoring bodies are essential**. However, such reports may be supplemented by other sources of information, as long as they are accurate and reliable. Without prejudice to other sources, this could **include information from civil society and the European Parliament**.

The special incentive arrangement for sustainable development and good governance shall be withdrawn temporarily, in respect of all or of certain products originating in a GSP+ beneficiary country, where in practice a beneficiary country does not respect its binding undertakings or **does not fulfil its obligation to cooperate with the Commission** and provide all information necessary as referred to in the Regulation. The Commission's decision not to temporarily withdraw **shall be fully motivated, based on evidence received, and be published immediately**.

Safeguard and surveillance provisions: Members specify that any investigation, including the procedural steps, shall be concluded within six months from its initiation (the Commission had proposed 12 months and the committee considers this too long). In exceptional circumstances, such as an unusually high number of interested parties or complex market situations, this time limit may be extended by a further period of three months. The Commission shall notify all interested parties of any such extension and explain the reasons leading to it.

Members add that the Commission shall present, with due regard to the protection of confidential information within the meaning of the Regulation, a report setting out its findings and reasoned conclusions reached on all pertinent issues of fact and law to the European Parliament. No later than six months after presenting the report to the European Parliament, the Commission shall make the report public.

The text is amended to state that if the conditions for reintroducing normal Common Customs Tariff duties were not met, they should be refunded to the beneficiary.

Safeguards in the textile, agriculture and fisheries sectors: tariff preferences will be removed for certain products originating in a beneficiary country if their **total increase by at least 12.5 % (rather than 15%)** in quantity (by volume), as compared with the previous calendar year. This does not apply to EBA beneficiary countries, nor shall it apply to countries with a share for certain products **not exceeding 6 % (rather than 8%)** of total European Union imports of the same products.

The **advisory procedure** is used for the adoption of surveillance measures given the effects of these measures and their sequential logic in relation to the adoption of definitive safeguard measures.

Information: new provisions state that information received pursuant to the Regulation shall be used only for the purpose for which it was requested. No information of a confidential nature or any information provided on a confidential basis shall be disclosed without specific permission from the supplier of such information. Each request for confidentiality shall state the reasons why the information is confidential. However, if the supplier of the information wishes neither to make it public nor to authorise its disclosure in general terms or in the form of a summary and if it appears that the request for confidentiality is

unjustified, the information concerned may be disregarded. Information shall in any case be considered to be confidential if its disclosure is likely to have a significantly adverse effect upon the supplier or the source of such information.

These provisions shall not preclude reference by the Union authorities to general information and in particular to reasons on which decisions taken pursuant to this Regulation are based. Those authorities shall, however, take into account the legitimate interest of natural and legal persons concerned so that their business secrets shall not be divulged.

Report: the Commission shall present an annual report on the application and implementation of this Regulation to the European Parliament. The report shall cover all of the preferential arrangements), including obligations concerning barriers to trade, and present a summary of the statistics and the evolution of trade with the beneficiary countries and territories.

The Generalised Preferences Committee and the European Parliament shall examine the effects of the scheme, on the basis of the report. The European Parliament may invite the Commission to a meeting of its responsible committee to present and explain any issues related to the implementation of this Regulation. No later than six months after presenting the report to the Generalised Preferences Committee and the European Parliament, the Commission shall make the report public.

Annexes: amendments are made to Annexes V and IX. The committee wants to **extend the range of products covered by the GSP** to include some raw metals that are of particular value to countries that would remain in the GSP scheme.