

Scheme of generalised tariff preferences (GSP)

2011/0117(COD) - 13/06/2012 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 503 votes to 107 with 37 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council applying a scheme of generalised tariff preferences (GSP).

Parliament adopted its position in first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise between Parliament and Council. They amend the Commission proposal as follows:

Duration of the Regulation and review clause: the Regulation will apply **for a period of 10 years from the date of application of the preferences provided in the text, except for the special arrangement for the least-developed countries** (“Everything but Arms” or EBA), which should continue to be applied without any expiry date. The scheme shall be reviewed five years after its entry into force.

Eligible countries: the text clarifies provisions on the granting or withdrawing of certain preferences:

- **application of general arrangement to LDCs:** it is 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 in accordance with the criteria established in the Regulation;
- **maintain GSP for certain countries which have concluded agreements on preferential market access with the EU for a transitional period:** 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 text specified that this not apply until two years after the entry into force of the Regulation, for countries which by the date of the entry into force of the regulation have initialled a bilateral preferential market access agreement with the European Union, providing the same tariff preferences as the scheme, or better, for substantially all trade, which is not yet applied;

Change of status of an EBA country and application of GSP to EBAs: where an EBA beneficiary country changes its status, the Commission shall be empowered to adopt delegated acts to amend Annex IV in order to remove the 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.

If a **newly independent country** is not identified by the United Nations as a least-developed country during the first available review of the category of LDCs, the Commission shall be empowered to adopt delegated acts forthwith, to amend Annex IV in order to remove such a country from the list, without granting the transitional period.

Application of special incentive arrangement for sustainable development and good governance (GSP+): the proposal states that a GSP beneficiary country may benefit from the tariff preferences provided under the special incentive arrangement for sustainable development and good governance (GSP+) if it has ratified all the conventions listed in Annex VIII. The text adopted in plenary states that the country in question must not have formulated a reservation in relation to any of the conventions listed in Annex VIII, which is prohibited by the convention or which is considered to be incompatible with its object and purpose.

GSP+: reviewing the state of ratification of international conventions: as of the date of the granting of the tariff preferences provided under the special incentive arrangement for sustainable development and good governance, 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. In drawing its conclusions concerning effective implementation of the conventions, the Commission shall assess the conclusions and recommendations of the relevant monitoring bodies, as well as, without prejudice to other sources, information submitted by third parties, including civil society, social partners, the European Parliament and the Council.

Withdrawal of GSP+: 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 the beneficiary country has formulated a reservation which is prohibited by the convention or which is incompatible with its object and purpose. Where the Commission considers that the findings do not justify temporary withdrawal, it shall adopt a decision to terminate the temporary withdrawal procedure, which shall be based inter alia on evidence received. Where the Commission considers that the findings justify temporary withdrawal for the reasons, it shall be empowered to adopt delegated acts to amend the list of eligible countries in order to temporarily withdraw the tariff preferences.

Safeguard measures: the proposal contains a series of safeguard and surveillance measures to protect European producers. The latter may call for an investigation where a product originating in a beneficiary country is imported in volumes and/or at prices which cause, or threaten to cause, serious difficulties to European Union producers. Serious difficulties shall exist where European Union producers suffer deterioration in their economic and/or financial situation.

The Commission shall investigate whether the normal Common Customs Tariff duties should be reintroduced if there is sufficient prima facie evidence that serious difficulties exist. If the investigation concludes that there are no such difficulties, the decision to reintroduce the CCT shall end and any customs duty collected as a result of those provisional measures shall be refunded.

Safeguards in the textile, agriculture and fisheries sectors: special safeguard measures exist for certain sectors such as textile, agriculture and fisheries. The text adopted in plenary states that the scope of special safeguard measures for textiles will cover **all textiles** and not only clothing.

The text also amended the thresholds at which safeguards are applicable: there must be an increase by at least 13.5 % in quantity (by volume), as compared with the previous calendar year for safeguard measures to take effect. This shall not apply to EBA beneficiary countries, nor shall it apply to countries with a share for the relevant products not exceeding 6 % of total European Union imports.

Members also voted to extend the range of products covered by the GSP to include some raw metals (aluminium oxide, lead, cadmium and others), that are of particular value to countries (most in Africa) that would remain in the GSP scheme.

Delegated acts: amendments are made to the text in order to conform to the requirements of the Lisbon Treaty with respect to delegated acts and implementing acts. In order to achieve a balance between the need for better targeting, greater coherence and transparency on one hand, and better promoting sustainable development and good governance through a unilateral trade preference scheme on the other hand, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union is delegated to the Commission in respect of amendments to:

- Annexes to the Regulation;

- temporary withdrawals of tariff preferences due to failure to adhere to the principles of sustainable development and good governance,
- procedural rules regarding the submission of applications for the tariff preferences granted under the special incentive arrangement for sustainable development and good governance;
- the conduct of a temporary withdrawal and safeguard investigations in order to establish uniform and detailed technical arrangements;
- repealing a decision on temporary withdrawal under the urgency procedure before that decision to temporarily withdraw tariff preferences takes effect, where the reasons justifying temporary withdrawal no longer apply.

The Commission, when preparing and drawing up delegated acts, should ensure the simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council.

It should be noted that the through amendments, **this will be the first time that Parliament has exercised its power**, introduced by the Lisbon Treaty, **to legislate on the GSP**. Members negotiated a rule to ensure that **Parliament will have power of veto over any changes in country coverage, product coverage, import thresholds or temporary withdrawals of GSP preferences** (which currently apply to Belarus and Myanmar).

Transparency of statistical sources: the text states that Member States shall transmit statistical data no later than 40 days after the end of each monthly reference period. 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.

Confidentiality of information: information received pursuant to the Regulation shall be used only for the purpose for which it was requested. Neither information of a confidential nature nor any information provided on a confidential basis received pursuant to the Regulation 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.

Report: the text states that the Commission report submitted to the Council and the European Parliament must include a detailed analysis of the impact of the Regulation on trade and on the EU's tariff income, with particular attention to the effects on beneficiary countries.

Entry into force: the main tariff preferences shall apply from 1 January 2014. The scheme shall apply until 31 December 2023. However, the expiry date shall not apply to the special arrangement for the least-developed countries, nor, to the extent that they are applied in conjunction with that arrangement, to any other provisions of the Regulation.

Amendment of the Annex: annexes are amended in order to ensure that certain products are covered by the scheme or to clarify the position of certain countries in the scheme.