Preferential tariff arrangements: management

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The European Union allows preferential tariff arrangements which are either contractual (stemming from cooperation agreements negotiated with the beneficiary countries, in particular the Lomé Convention and agreements with the Maghreb and Mashreq countries) or autonomous, such as the Generalised System of Preferences (GSP), which is granted unilaterally by the EU. The Commission's annual report for 1996 states that the overall volume of irregularities identified in this period was ECU 1.3bn, or 2% of the Union's total budget. The amount of detected irregularities affecting preferential regimes in 1996 was ECU 220m. The figures are as follows: textile industry (34%), fisheries products (26%), industrial products (26%), agricultural products (8%) and electronic products (6%). In most cases, forged certificates of origin were used to obtain preferences. The report by Jean-Thomas NORDMANN (ELDR, F), which has been adopted by the Committee , argues for an effective system of penalties to act as a deterrent to beneficiary countries and their operators convicted of fraud. This might even involve the withdrawal of preferences. Although it welcomes the introduction of such a system in 1995, the committee points out that so far very little use has been made of the system. It therefore calls for a review of the system's scope and implementing provisions with a view to using it more effectively. In addition, it calls for the rules on origin to be revised and eased, and stresses the need for a new approach to derogations, for regional cumulation to be made generally applicable and for account to be taken of the interests of the least-developed countries.