Generalised tariff preferences: extension to 31 December 2005

2003/0259(CNS) - 29/10/2003 - Legislative proposal

PURPOSE : to extend for one year the period in Regulation 2501/2001/EC applying a scheme of generalised tariff preferences for the period from 01/01/02 to 31/12/04. PROPOSED ACT : Council Regulation. CONTENT : The Community adopted Regulation 2501/2001/EC applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004. This latter date will see the expiry of both the ten-year guidelines for the period 1995 to 2004 and of the last implementing Regulation for the years 2002 to 2004. The new ten-year guidelines and their first implementing Regulation should normally enter into force on 1 January 2005. Keeping to this timetable would require the Commission to submit its proposal for a Regulation this year so that it can be adopted in 2004 at the latest. However, given that the round of multilateral negotiations launched in Doha will not be completed in time, it is proposed to defer adoption of the ten-year guidelines to a later date and to renew the current Regulation 2501/2001 for one year, namely 2005. This extension must be accompanied by a number of changes to the GSP. However, these changes have to be compatible with the 1994 ten-year guidelines. The main proposed change is to the annual adjustment of the offer by graduation. Country /sector graduation has existed since 1996; this year, however, is the first time that it has been applied on an annual basis. Based on the experience, it appears necessary not to apply the graduation to the smallest countries, in order to concentrate it most on the biggest beneficiaries. Accordingly, the graduation mechanism can be modified in order to exclude, in a non-discriminatory way, all beneficiary countries accounting for less than 1% of GSP imports. In practice, this will focus the effects of graduation on the principal GSP beneficiaries, a dozen countries accounting for the bulk of GSP trade. This new mechanism does not prejudge the question of whether further amendments will be necessary within the new GSP regime aiming at limiting preferences to those countries which are more vulnerable. This concentration of graduation on the principal GSP beneficiaries constitutes a return to the very principles of graduation, as set out in the 1994 guidelines. These guidelines noted that the leading beneficiary countries dominated the Community's GSP, somewhat to the detriment of countries which had greater needed of its benefits. The second change of note concerns the conditions for granting the special incentive arrangements for the protection of the labour rights. The experience of requests submitted by some beneficiary countries has shown that, whatever their characteristics, the developing countries face specific obstacles in integrating and applying internationally agreed social standards (ILO standards). Accordingly, incentives in these arrangements should be bolstered, something which could be done temporarily, subject to evaluation of the beneficiary countries' progress in incorporating these standards into their legislation and practice. Other proposed changes include abandoning the annual publication of an opinion on the upcoming annual graduation in the Official Journal. Rather than being informative, this opinion sowsuncertainty and confusion since it concerns countries/sectors which are not necessarily those that will "graduate" (or "degraduate") when the actual Commission decision is adopted on the basis of statistical data for the three most recent years available. The evaluation of the arrangements for drugs, initially planned for the last year of the scheme's application (i.e. 2004) has to be deferred to the new last year of application of the procedure, which, as a result of this Regulation, will be 2005. FINANCIAL IMPLICATIONS : This Regulation does not involve new expenditure for the Community budget. It does, however, involve a loss of customs revenue. The loss of revenue would be maintained at EUR 2.262 billion for the year 2005. Application of the new Article 12(3) would increase this loss of revenue by only EUR146 million.