Generalized tariff preferences GSP: application of the scheme to agricultural products of developping countries, 1996-99

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OBJECTIVE: To extend to the agricultural sector the GSP principle already applied to industrial products: SUBSTANCE: The proposed scheme has the same objectives as the industrial scheme: - simplification, with preferential duties being modulated by a mechanism involving four tiers of tariff reductions; - reweighting of the scheme in favour of the countries most in need of it by means of a system of graduation by major production sector; - neutrality of the new scheme's impact compared with the previous one; - encouraging the beneficiary countries to develop progressive social and environmental policies by means of additional incentives going beyond neutrality. There is a fifth objective which is more specific to the agricultural sector: extending the range of products covered by the new scheme, on the basis of the principle of covering all but the most sensitive products, which broadly speaking are those which were subject to a levy or system of reference prices before the Uruguay Round agreement came into force (except for fisheries products). There are no substantial changes to the special arrangements for the least-advanced countries, but some small changes to the arrangements for Latin American countries combating drugs: the general rate for shrimp has changed (from 4.5% to 5.4% in 1996), the concessions offered to Central American countries are being brought into line with those offered to the Andean countries and the fisheries arrangements granted to other Central American countries are being extended to Panama. Tariff reductions are applied as follows: - the levels of tariff reduction are the same as in the industrial sector and have been divided into four sensitivity categories (15% reduction for very sensitive products, 30% for sensitive products, 65% for semi-sensitive products and 100% for non-sensitive products) according to certain criteria agreed in the Uruguay Round (with some adjustments for fisheries); - gradual exclusion of major production sectors in some beneficiary countries on the basis of their relative specialization adjusted by the development index; - application of social and environmental clauses and a withdrawal clause. The graduation mechanism will come into use gradually, preceded by a transitional period during which graduation will be applied at only 50% of the preferential margin. This first phase will start at the entry into force of the new scheme, with the final stage (full graduation) beginning on 1 January 1999. A Generalized Preferences Committee will use this surveillance procedure to monitor the GSP after the transitional phase (after 1999) to assess the new scheme's impact in terms of lost customs revenue for the Community. The new scheme is intended to enter into force on 1 July 1996.