Generalised tariff preferences, GSP: special incentive for application of social and environmental requirements

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OBJECTIVE: to put in place a new tariff scheme under the system of generalised tariff preferences (GSP), which seeks to encourage beneficiary countries to comply with international social and environmental standards. CONTENT: the proposal is based on Articles 7 and 8 of Regulations 3281/94/EC and 1256/96 relating to the application of the GSP which provide for the granting of additional preferences to those beneficiary countries which apply and which are able to provide proof that they are adopting and effectively implementing the substance of international standards laid down in respect of labour rights and environmental protection. This relates to standards laid down in the social domain by the International Labour Organisation (ILO Conventions 87, 98 and 138 dealing with the right of association, the right to collective bargaining and the minimum working age) and in the environmental domain the application of national plans for the protection of tropical hardwoods in accordance with the principles of the International Tropical Timber Organisation (ITTO). Principal measures: 1) the amount of social and environmental "premium": in order to make the scheme sufficiently attractive, the Commission proposes to introduce substantial concessions. The current preferential margins for industrial goods are to be doubled as follows: - very sensitive products (such as textiles): further reduction of 15% in the common customs tariff, - sensitive products (footwear, electronic goods, etc.): reduction of 30%. - semi-sensitive products (cameras, calculators, etc.): reduction of 35%. For agricultural products, the preferential margin which has been proposed is 66%. The environmental and social clauses are cumulative. However, the cumulative effect is limited to 40% for very sensitive products. Furthermore, the environmental clause will only apply to products resulting from the transformation of tropical hardwoods which are not considered as very sensitive products. In addition, those countries which are excluded from the GSP due to various competitive products will be able to benefit from preferential margins thanks to the new scheme. However, this preferential margin is limited to 25%. The most affluent countries which are soon to be excluded totally from the GSP will not, on the other hand, be able to return to the GSP through the social and environmental clauses. 2) methods of allocation: the social and environmental clauses are to apply to those countries submitting an application. In the initial phase, the applicant countries will be required to furnish the Commission with detailed information on the current legislation, the means of implementation, the results obtained and the problems and obstacles standing in the way of the implementation of these clauses. The Commission may request applicant countries to provide all necessary additional information. In the social domain, the Commission may visit the country in question to undertake an additional examination in consultation with any competent person or organisation (including national or international representative trade union organisations). In the case of environmental clauses, the Commission proposes to keep to a certain prior system of control for each country, in the absence of clear international standards. In ruling on the request which has been made, the Commission may decide only to grant the additional benefit to certain sectors if it judges that the arrangements made by the applicant do not affect all sectors of production or affect them to an insufficient degree. 3) controls: export certificates which have been allocated "green" and "social" tariffs are issued by the GSP beneficiary country; this means applying strict methods of control and cooperation at exporter level and a system of control based on trust in the governmental authorities of the beneficiary countries. The Commission shall promote all the controls a priori for the application of the tariff concessions. 4) application: in principle, the premiums are to take effect on 1 January 1998 and continue either until 31 December 1998, the date of expiry of the GSP regulation for industrial products, or until 30 June 1999 for agricultural products. Lastly, the Commission is making provision for economic and commercial impact assessments in respect of the proposed measures, in the knowledge that the first assessment will take place on expiry of the GSP.