Generalized system of preferences: revision of the system 1995-1997 for industrial products

1994/0209(CNS) - 19/12/1994 - Final act

The Council adopted the proposal for a regulation (which became Regulation (EC) No 3281/94) concerning the multiannual scheme of generalised tariff preferences for the period 1995-1998. This new GSP for four years incorporated substantial improvements, particularly with regard to simplification, transparency and stability. As a replacement for the instrument for quantitative restrictions, it was based on a differentiation of preferential duties (except for less developed countries and "drugs" beneficiaries) based on the sensitivity of the products: * 85% of the Common Customs Tariff for very sensitive products; * 70% for sensitive products; * 35% for semi-sensitive products; * 0% for non-sensitive products. The new system also provided for the gradual application of a system of graduation aimed at ensuring a fairer distribution of the preferential benefits by transferring preferential margins from more developed countries to less developed countries: this involved the gradual exclusion of certain industrial sectors for certain countries, according to their level of industrial development. With regard to the special incentive arrangements proposed by the Commission - in accordance with social and environmental criteria - and providing for additional preferential margins, all options remained open. In fact, the Council would in 1997 carry out a review, with a view to implementation of this system from 1998, taking account, in particular, of a Commission report on the results of the studies carried out in international fora such as the ILO, the WTO and the OECD on the relationship between trade and labour rights and the environment. Finally, the new system also contained a clause suspending the scheme, particularly in cases of fraud, as a result of unfair trading practices or forced labour. It also provided for transitional provisions applicable until 15 March 1995 with a view to facilitating the changeover to the new system, which entered into force on 1 January 1995.