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

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OBJECTIVE: to establish a new scheme of tariff preferences under the system of generalised tariff preferences (GSP) to encourage beneficiary countries to comply with international social and environmental standards. COMMUNITY MEASURE: Council Regulation (EC) No 1154/98 applying the special incentive arrangements concerning labour rights and environmental protection provided for in Regulations (EC) Nos 3281/94 and 1256/96 applying schemes of generalised tariff preferences in respect of certain industrial and agricultural products originating in developing countries. SUBSTANCE: The Regulation is intended to provide incentives rather than to impose restrictions. It will enable GSP beneficiary countries to obtain upon application additional reductions in customs duty, on condition that they prove that they are genuinely applying ILO standards on the right to organise and to bargain collectively, on child labour, and the standards of the International Tropical Timber Organisation. These tariff bonuses will be applied by country in the case of the environmental clause and by country and sector in the case of the social clause. The social clause, which is linked to more precise standards, is more stringent than the environmental clause, but applies to more sectors. The tariff reductions on industrial goods double the preferential margin in comparison with the normal GSP. These additional reductions are: -15% for very sensitive products (silk, wool, carpets, etc.), -25% for sensitive products (leather clothing, household electrical goods, etc.), -35% for semi-sensitive products (optical goods, suitcases and satchels, machine tools, etc.). For agricultural products, the reductions are: -10% for very sensitive products (cut flowers, citrus fruit, etc.), -20% for sensitive products (live plants, etc.), -35% for semi-sensitive products (certain halibut, whiting, dried coffee, etc.). Non-sensitive products are already totally exempt from customs duty. Sectors excluded from the GSP on account of their strong competitiveness may again enjoy tariff preferences, with a reduction of 25% of the duty applicable to industrial goods and 15% in the case of agricultural products. On the other hand, certain sectors have been excluded from the revised GSP because they represent more than a quarter of a country's exports to the Union. The countries excluded from the GSP because of their level of development (Hong Kong, Singapore and Korea) cannot utilise the GSP by virtue of the social clause, either. In order to benefit from the social clause, beneficiary countries must give details of: 1) their legal provisions incorporating the substance of ILO Conventions 87, 98 and 138, 2) effective measures taken to ensure the application and effective enforcement of these provisions, any sectoral limits and any breaches observed, 3) the government's commitment to take full responsibility for monitoring application of the special arrangements and administrative cooperation procedures. As regards the specific case of child labour (ILO Convention 138), the social clause may be granted by sector on condition that: -measures to eliminate child labour in the sector concerned are clearly part of a multidisciplinary national policy to eliminate child labour, -appropriate policies have been framed to remedy the 'secondary effects' of these measures (appropriate compensation for the children and their families, education, health). In the case of the environmental clause, countries must produce: -their domestic legislation incorporating the substance of ITTO standards, -the measures taken to implement that legislation, -their commitment to maintain that legislation and the implementing measures. This clause applies only to goods produced from tropical products (palissandre, mahogany, cane or bamboo seats, etc.). The Commission will be responsible for taking individual decisions to grant preferences, after consulting a committee of experts from the Member States. It is to report on the impact of these special arrangements every year. ENTRY INTO FORCE: 05.06.1998. EXPIRY: valid until 31.12.1998 for industrial goods and 30.06.1999 for agricultural products (the dates on which Regulations (EC) Nos 3281 /94 and 1256/96 expire).