Basic information

1997/0293(CNS) CNS - Consultation procedure Regulation	Procedure completed
Generalised tariff preferences, GSP: special incentive for application of social and environmental requirements **Subject** 6.30.01 Generalised scheme of tariff preferences (GSP), rules of origin	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
DEVE Development and Cooperation		

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	
RELA External Economic Relations	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Consumer Protection	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
General Affairs	2097	1998-05-25

Key events

Date	Event	Reference	Summary
29/10/1997	Legislative proposal published	COM(1997)0534	Summary
21/11/1997	Committee referral announced in Parliament		
26/11/1997	Vote in committee		
25/05/1998	Act adopted by Council after consultation of Parliament		
25/05/1998	End of procedure in Parliament		

04/06/1998	Final act published in Official Journal		

Technical information

Procedure reference	1997/0293(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Rules of Procedure EP 52-p1 EC Treaty (before Amsterdam) E 113
Stage reached in procedure	Procedure completed
Committee dossier	DEVE/4/09521

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Text adopted by Parliament, 1st reading/single reading		T4-0607/1997 OJ C 014 19.01.1998, p. 0018-0028	16/12/1997	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(1997)0534 OJ C 360 26.11.1997, p. 0009	29/10/1997	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1390/1997 OJ C 073 09.03.1998, p. 0051	10/12/1997	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Regulation 1998/1154
OJ L 160 04.06.1998, p. 0001

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

1997/0293(CNS) - 25/05/1998 - Final act

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).

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

1997/0293(CNS) - 29/10/1997 - Legislative proposal

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.

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

1997/0293(CNS) - 16/12/1997 - Text adopted by Parliament, 1st reading/single reading

Parliament approved (procedure without report) the proposal for a regulation while calling for the system for granting the special incentive arrangements to be subject to continuous assessment. It asked to be informed periodically about these assessments and that an initial assessment report should be submitted to it on 30 June 2000. With regard to budgetary aspects, it asked the Commission to inform the budgetary authority each year of the effects of this system in terms of the losses for the Community (lost value as a result of the application of this system). Lastly, it considered that the special incentive arrangements for the protection of workers established by the regulation should be confined to production sectors that have actually taken steps to comply with the provisions of the regulation.

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

1997/0293(CNS) - 10/12/1997 - Economic and Social Committee: opinion, report

The Committee strongly welcomes the Commission's proposals as providing provisions for positive measures to promote respect for labour and environmental standards in GSP beneficiary countries. Nevertheless, it expresses its concern that the practical application of the new system of incentives detracts from the advantages of the 1995 reform of the overall system, namely simplicity, transparency and reliability. The Committee appreciates that the additional incentives should apply even to countries that have graduated from the basic system. In the case of the least developed countries, which already profit from a tariff level fixed at zero, the Committee would propose that additional measures must be taken in order to provide an incentive to respect labour rights and undertake environmental protection. The Committee welcomes the strong emphasis given by the Commission that as a prerequisite for access to improved preferences, potential beneficiary countries will have to demonstrate that both their law and their practice provide a framework within which freedom of association and abolition of child labour can realistically be guaranteed. The Committee expresses its regret and disappointment that the Commission proposal restricts the new instrument to three ILO Conventions only. This is a departure from earlier positions as regards international trade and labour standards, taken by the Commission and supported by the Economic and Social Committee, which included ILO Conventions on forced labour and on discriminations. Concerning the fact that not all Member States have so far ratified the ILO Convention No. 138, which would have to be respected by countries applying for the additional preferences, the Committee wishes to make the point that the EU's demands will be much more credible if all its Member States meet themselves the criteria they wish others to meet.