



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 21.2.2003
COM(2003) 45 final/2

2003/0016 (ACC)

CORRIGENDUM

Des dates dans l'article 2

Concerne uniquement: EN/DA/EL

Proposal for a

COUNCIL REGULATION

implementing Article 12 of Council Regulation (EC) No 2501/2001 applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. Sectoral graduation is a feature of the European Union's Scheme of Generalised Tariff Preferences. It is meant to target such preferences on those countries which need them most, by removing preferential treatment from sectors of countries which turn out to be able to face international competition without preferential market access.

2. Recital 15 of the Council Regulation (EC) No 2501/2001 of 10 December 2001 applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004¹ states that

"During the first year of application of this Regulation, the sectors previously graduated should remain graduated."

3. Article 12 of the above regulation states that

"1. The tariff preferences referred to in Articles 7 and 10 shall be removed in respect of products originating in a beneficiary country, of a sector which has met, during three consecutive years, either of the following criteria:

(a) - the country's development index, as defined in Annex II, is higher than -2, and

- Community imports from that country of all products of the sector concerned and included in the arrangements enjoyed by that country exceed 25% of Community imports of the same products from all countries and territories listed in Annex I;

(b) – the country's development index, as defined in Annex II, is higher than -2 and

– the specialisation index of the sector concerned is higher than the threshold corresponding to that country's development index, as defined in Annex II, and

– Community imports from that country of all products of the sector concerned and included in the arrangements enjoyed by that country exceed 2% of Community imports of the same products from all countries and territories listed in Annex I.

2. Where a sector, in respect of which tariff preferences had been removed according to column D of Annex I or to a decision taken subsequently in accordance with this Article, has not met, during three consecutive years, either of the criteria set out in paragraph 1, the tariff preferences shall be re-established.

3. On the basis of the most recent data available on 1 September of each year, the Commission shall establish which sectors meet the conditions laid down in paragraphs 1 and 2.

4. The Commission shall publish a notice in the Official Journal of the European Communities, listing the sectors which meet the criteria set out in paragraph 1 in respect of the most recent year for which data are available.

¹ OJ L 346, 31.12.2001, p. 1

5. Upon the entry into force of this Regulation, and before the end of each year, the Commission shall decide, in accordance with the procedure referred to in Article 38, to remove tariff preferences in respect of sectors which meet the condition set out in paragraph 1 and to re-establish tariff preferences for sectors which meet the condition set out in paragraph 2.

6. The first decision taken in accordance with paragraph 5 shall enter into force on 1 January 2003. Subsequently, decisions taken in accordance with paragraph 5 shall enter into force on 1 January of the second year following the one during which they were taken.”

4. According to Article 12 (5), the Commission has to take a decision on graduation. The present draft regulation is meant to implement this provision.
5. The calculations referred to in Article 12 have to be carried out using the most recent and complete trade statistics available. These are, at present, those referring to the years 1997, 1998 and 1999.
6. According to the results of these calculations, 52 sectors, which were graduated in the past, should remain graduated. 22 sectors previously not graduated should be graduated in the future while 16 sectors which were graduated in the past, should be readmitted for GSP treatment. The updated situation is reflected in the annex of the draft Regulation.
7. According to Article 12 (5), the Commission's decision has to be taken in accordance with the procedure referred to in Article 38 of the GSP Regulation. Accordingly, Member States have been consulted in the framework of the Generalised Preferences Committee. They did not approve the Commission's proposal to update graduation in accordance with the results of the calculations. As the measures envisaged are not in accordance with the opinion of the Committee, the Commission shall, without delay, submit this draft Regulation to the Council.

Proposal for a

COUNCIL REGULATION

implementing Article 12 of Council Regulation (EC) No 2501/2001 applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004

THE COUNCIL OF THE EUROPEAN UNION ,

Having regard to the Treaty establishing the European Community, and in particular Article 133 thereof,

Having regard to the proposal from the Commission²,

Having regard to the opinion of the Committee referred to in article 37 of Council Regulation No 2501/2001, which was not in accordance with the proposed Commission Regulation submitted by the Commission with regard to the measures to be taken in application of the Article 12 above mentioned,

Whereas:

- (1) The tariff preferences referred to in Articles 7 and 10 of Regulation (EC) No 2501/2001 should be removed in respect of products, originating in a beneficiary country, of a sector which has met, during three consecutive years, either of the criteria laid down in that Regulation.
- (2) Tariff preferences which had been removed under previous schemes, should be re-established in respect of a sector that has not met, during three consecutive years, the criteria set out in that Regulation.
- (3) The most recent and complete statistics available to establish which sectors meet the conditions laid down in Regulation (EC) No 2501/2001 are those for the years 1997 to 1999.
- (4) The date of application of this Regulation should be set taking into account the necessity for economic operators to adapt to the new customs duties thus established.
- (5) Annex I of Council Regulation (EC) No 2501/2001 should be replaced in order to reflect the removal or re-establishment of tariff preferences provided for in Articles 7 and 10.

² OJ C , , p. .

HAS ADOPTED THIS REGULATION:

Article 1

- (1) The tariff preferences provided for in Articles 7 and 10 of Council Regulation (EC) No 2501/2001 are hereby removed in respect of products originating in the beneficiary countries listed in Annex I to this regulation, of the sectors mentioned in that annex alongside each country concerned.
- (2) The tariff preferences provided for in Articles 7 and 10 of Council Regulation (EC) No 2501/2001 are hereby re-established in respect of products originating in the beneficiary countries listed in Annex II to this regulation, of the sectors mentioned in that annex alongside each country concerned.

Article 2

- (1) This Regulation shall enter into force from its date of publication . It shall apply from 1 June 2003 in respect of Article 1(1), and from 1 January 2003 in respect of Article 1(2).
- (2) Annex I of Council Regulation (EC) No 2501/2001 shall be replaced by Annex III of this Regulation from 1 June 2003.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President
[...]

ANNEX I

Sectors in respect of which tariff preferences shall be removed.

Country Code	Beneficiary country	Sector	Description
AR	Argentina	II	Fishery products
		V	Trees, plants, cut flowers, edible vegetables and nuts
		X	Fats, oils and waxes
BR	Brazil	XIX	Wood
CN	People's Republic of China	III	Edible products of animal origin
		XVI	Plastics and rubber
		XX	Paper
		XXVIII	Electro-mechanics
		XXIX	Consumer electronics
XXXII	Optical and clocks		
CO	Colombia	V	Trees, plants, cut flowers, edible vegetables and nuts
CR	Costa Rica	V	Trees, plants, cut flowers, edible vegetables and nuts
KW	Kuwait	XIII	Mineral products
MA	Morocco	XV	Fertilisers
MU	Mauritius	XXII	Clothing
MX	Mexico	XI	Edible preparations of meat or fish and beverages
		XIV	Chemicals except fertilisers
		XXIV	Glass and ceramic
TH	Thailand	XXIX	Consumer electronics
TN	Tunisia	XV	Fertilisers
		XXII	Clothing
UY	Uruguay	XVII	Leather, raw hides and skins

ANNEX II

Sectors in respect of which tariff preferences shall be re-established.

Country code	Beneficiary country	Sector	Description
AR	Argentina	III	Edible products of animal origin
		XI	Edible preparations and beverages
BR	Brazil	XXX	Transport equipment
CL	Chile	IX	Lac, gums and resins
		XV	Fertilisers
KZ	Kazakhstan	XV	Fertilisers
		XXV	Jewellery and precious metals
		XXVII	Base metals and articles of base metal, other than products of sector XXVI
MX	Mexico	III	Edible products of animal origin
		V	Trees, plants, cut flowers, edible vegetables and nuts
MY	Malaysia	VII	Cereals and malt and starches
		XXII	Clothing
RU	Russian Federation	XXVII	Base metals and articles of base metal, other than products of sector XXVI
TH	Thailand	V	Trees, plants, cut flowers, edible vegetables and nuts
		XXII	Clothing
		XXXIII	Miscellaneous

ANNEX III

' ANNEX I

Beneficiary countries and territories of the Community's scheme of generalised tariff preferences

Column A: code according to the nomenclature of countries and territories for the external trade statistics of the Community

Column B: name of country

Column C: sectors not included in the general arrangements for the beneficiary country concerned (Article 7(7))

Column D: sectors in respect of which tariff preferences have been removed for the beneficiary country concerned (Article 7(8))

Column E: countries included in the special incentive arrangements for the protection of labour rights (Title III Section 1)

Column F: sectors included in these arrangements for the beneficiary country concerned (Article 8(1) and (2))

Column G: countries included in the special incentive arrangements for the protection of the environment (Title III Section 2)

Column H: countries included in the special arrangements for least developed countries (Article 9)

Column I: countries included in the special arrangements to combat drug production and trafficking (Title IV)

A	B	C	D	E	F	G	H	I
AE	United Arab Emirates							
AF	Afghanistan						X	
AG	Antigua and Barbuda							
AI	Anguilla							
AM	Armenia	II, XXVI						

A	B	C	D	E	F	G	H	I
AN	Netherlands Antilles							
AO	Angola						X	
AQ	Antarctica							
AR	Argentina		I, II, V, X, XVII					
AS	American Samoa							
AW	Aruba							
AZ	Azerbaijan	II, XXVI						
BB	Barbados							
BD	Bangladesh						X	
BF	Burkina Faso						X	
BH	Bahrain							
BI	Burundi						X	
BJ	Benin						X	
BM	Bermuda							
BN	Brunei Darussalam		XXV					
BO	Bolivia							X
BR	Brazil		I, VI, IX, XI, XII, XVII, XIX, XX, XXIII, XXVI					
BS	Bahamas							
BT	Bhutan						X	
BV	Bouvet Island							
BW	Botswana							
BY	Belarus	II, XXVI	XV					
BZ	Belize							
CC	Cocos Islands (or Keeling Islands)							

A	B	C	D	E	F	G	H	I
CD	Democratic Republic of Congo						X	
CF	Central African Republic						X	
CG	Congo							
CI	Côte d'Ivoire							
CK	Cook Islands							
CL	Chile		V					
CM	Cameroon							
CN	People's Republic of China	XXVI ⁽¹⁾	III, IV, VIII, XIV, XVI, XVIII, XX, XXII, XXIII, XXIV, XXVII, XXVIII, XXIX, XXXII, XXXIII					
CO	Colombia		V					X
CR	Costa Rica		V					X
CU	Cuba							
CV	Cape Verde						X	
CX	Christmas Islands							
CY	Cyprus							
DJ	Djibouti						X	
DM	Dominica							
DO	Dominican Republic							
DZ	Algeria							
EC	Ecuador							X
EG	Egypt							
ER	Eritrea						X	

⁽¹⁾ Only the products of sector XXVI which are underlined in Annex III are not included for the People's Republic of China, pursuant to Article 7(7).

A	B	C	D	E	F	G	H	I
ET	Ethiopia						X	
FJ	Fiji							
FK	Falklands Islands							
FM	Federated States of Micronesia							
GA	Gabon							
GD	Grenada							
GE	Georgia	II, XXVI						
GH	Ghana							
GI	Gibraltar							
GL	Greenland	II						
GM	Gambia						X	
GN	Guinea						X	
GQ	Equatorial Guinea						X	
GS	South Georgia and South Sandwich Islands							
GT	Guatemala							X
GU	Guam							
GW	Guinea-Bissau						X	
GY	Guyana							
HM	Heard Island and McDonald Islands							
HN	Honduras							X
HT	Haiti						X	
ID	Indonesia		X, XIX, XXIII					
IN	India		XVII, XVIII, XXI					
IO	British Indian Ocean Territory							
IQ	Iraq							

A	B	C	D	E	F	G	H	I
IR	Iran (Islamic Republic of)							
JM	Jamaica							
JO	Jordan							
KE	Kenya							
KG	Kyrgyzstan	II, XXVI						
KH	Cambodia						X	
KI	Kiribati						X	
KM	Comoros						X	
KN	St Kitts and Nevis							
KW	Kuwait		XIII					
KY	Cayman Islands							
KZ	Kazakhstan	II, XXVI						
LA	Lao People's Democratic Republic						X	
LB	Lebanon							
LC	St Lucia							
LK	Sri Lanka							
LR	Liberia						X	
LS	Lesotho						X	
LY	Libyan Arab Jamahiriya		XIII					
MA	Morocco		XV					
MD	Moldova (Republic of)	II, XXVI		X	All except II and XXVI			
MG	Madagascar						X	
MH	Marshall Islands							
ML	Mali						X	
MM	Myanmar						X	

A	B	C	D	E	F	G	H	I
MN	Mongolia							
MO	Macao		XXII					
MP	Northern Mariana Islands							
MR	Mauritania						X	
MS	Montserrat							
MU	Mauritius		XXII					
MV	Maldives						X	
MW	Malawi						X	
MX	Mexico		XI, XIV, XXIV XXVI					
MY	Malaysia		X, XVI, XIX, XXIX					
MZ	Mozambique						X	
NA	Namibia							
NC	New Caledonia							
NE	Niger						X	
NF	Norfolk Island							
NG	Nigeria							
NI	Nicaragua							X
NP	Nepal						X	
NR	Nauru							
NU	Niue Island							
OM	Oman							
PA	Panama							X
PE	Peru							X
PF	French Polynesia							
PG	Papua New Guinea							

A	B	C	D	E	F	G	H	I
PH	Philippines		X					
PK	Pakistan		XVII, XVIII, XXI					X
PM	St Pierre and Miquelon							
PN	Pitcairn							
PW	Palau							
PY	Paraguay							
QA	Qatar							
RU	Russian Federation	II, XXVI	XIII, XV					
RW	Rwanda						X	
SA	Saudi Arabia		XIII					
SB	Solomon Islands						X	
SC	Seychelles							
SD	Sudan						X	
SH	Santa Helena							
SL	Sierra Leone						X	
SN	Senegal						X	
SO	Somalia						X	
SR	Suriname							
ST	São Tomé and Príncipe						X	
SV	El Salvador							X
SY	Syrian Arab Republic							
SZ	Swaziland							
TC	Turks and Caicos Islands							
TD	Chad						X	
TF	French Southern territories							
TG	Togo						X	

A	B	C	D	E	F	G	H	I
TH	Thailand		II, XI, XVI, XVIII, XXIII, XXV, XXIX					
TJ	Tajikistan	II, XXVI						
TK	Tokelau Islands							
TM	Turkmenistan	II, XXVI						
TN	Tunisia		XV, XXII					
TO	Tonga							
TP	East Timor							
TT	Trinidad and Tobago							
TV	Tuvalu						X	
TZ	Tanzania (United Republic of)						X	
UA	Ukraine	II, XXVI	VIII, XV					
UG	Uganda						X	
UM	United States Minor outlying islands							
UY	Uruguay		I, XVII					
UZ	Uzbekistan	II, XXVI						
VC	St Vincent and Northern Grenadines							
VE	Venezuela							X
VG	Virgin Islands (British)							
VI	Virgin Islands (USA)							
VN	Viet Nam							
VU	Vanuatu						X	
WF	Wallis and Futuna							
WS	Samoa						X	
YE	Yemen						X	

A	B	C	D	E	F	G	H	I
YT	Mayotte							
ZA	South Africa	XXVI						
ZM	Zambia						X	
ZW	Zimbabwe							

FINANCIAL STATEMENT	DATE: 16.12.2002
<p>1. TITLE: PROPOSAL FOR A COUNCIL REGULATION IMPLEMENTING ARTICLE 12 OF COUNCIL REGULATION (EC) NO 2501/2001 APPLYING A SCHEME OF GENERALISED TARIFF PREFERENCES FOR THE PERIOD FROM 1 JANUARY 2002 TO 31 DECEMBER 2004</p>	
<p>2. LEGAL BASIS: Article 12 of Council Regulation (EC) No2501/2001</p>	
<p>3. AIMS: The purpose of the regulation is to implement Article 12 of Council Regulation (EC) No 2501/2001 applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004</p>	
<p>4. FINANCIAL IMPLICATIONS</p> <p>Implementing a scheme of generalised preferences does not entail any expenditure to be entered in the Community budget. It may result in a loss or gain of customs revenue, depending on the number of sectors and the volume of trade which qualify for graduation and de-graduation.</p> <p>Based on the figures of 2001, the graduation of 22 sectors would have resulted in a gain of customs revenue of approximately EUR 761 million and the de-graduation of 16 sectors in a loss of customs revenue of approximately EUR 33 million, i.e. a net gain of EUR 728 million. As graduation enters into force on 1 April 2003, the gain would be correspondingly less.</p>	