

EUROPEAN ECONOMIC  
COMMUNITY

EUROPEAN ATOMIC ENERGY  
COMMUNITY

**ECONOMIC AND SOCIAL COMMITTEE**

FXT/39  
GSP 1983

Brussels, 27 September 1982

REPORT  
of the Section for External Relations  
concerning the  
Commission's Proposals to the Council  
Fixing the Community's Scheme of  
Generalised Tariff Preferences  
for the Period 1983 to 1985 and  
Opening the Scheme Applicable in 1983

---

Rapporteur : Mr T. GEORGIU

---

CES 585/82 fin dg

The Community's Scheme of Generalized Tariff Preferences (GSP)  
Historical Background

1. Since 1971 the Community has operated a scheme of generalised tariff preferences whereby all industrial products and many of the agricultural products from the developing countries are granted easier access to the EEC market. This scheme, which is improved each year, is autonomous and unilateral, as the developing countries (LDCs) do not have to do anything in return.

As far as manufactured industrial products are concerned the scheme covers headings 25 to 99 of the Common External Tariff (CET).

For textile products the scheme is linked to the Multifibres Agreement (MFA).

As regards agricultural products some 300 processed items are covered. However, the scheme is limited because of the Common Agricultural Policy (the levies cannot be treated as if they were customs duties) and preferential agreements with the ACP countries. In addition, certain goods imported into the EEC (oils) have a substitution effect in relation to products subject to a common organization of the market (dairy products). All the same, the number of agricultural products covered has doubled in ten years, and such goods are often the only ones which LDCs can export.

2. Since 1 January 1981 the scheme has been greatly simplified. During the first decade of the scheme's operation industrial products were classified into four categories : sensitive, non-sensitive, quasi-sensitive and hybrid. Now there are only two categories : sensitive and non-sensitive.

The monitoring of imports subject to limitation (quotas and ceilings) has been simplified.

Finally, the new scheme makes a greater distinction between different types of beneficiary country, with imports from the poorest countries being exempted from duty even if they exceed their ceilings.

A more detailed description of the GSP can be found in the Opinions and Reports of the Economic and Social Committee mentioned below.

The Economic and Social Committee and the GSP

3. Every year for the past eight years the Economic and Social Committee has issued an Opinion on the Commission's GSP proposals. On 30 April 1980 it also issued an Opinion on the Guidelines for the European Community's Scheme of Generalised Tariff Preferences for the Post-1980 Period (\*).

---

(\*) OJ No. C 205 of 11 August 1980.

4. The Committee feels that the GSP is, at the same time, a commercial, a political and a development instrument.

It has always approved the aims of the GSP, especially that of providing freer access to the EEC market for products from the LDCs in order to stimulate industrialization in those countries.

5. Although it realises that it is inadvisable to impose strict reciprocity on LDC beneficiaries, the Committee has gradually come to feel that the application of the GSP does call for a certain attitude towards the Community from these countries (e.g. non-discrimination).

6. The Committee has constantly requested a review of the list of beneficiary countries to ensure that the GSP benefits those countries which have most need of it.

Point 6 of the Opinion of 30 April 1980 lists a number of criteria for classifying LDCs.

But at any event, the Committee has always expressed reservations about extending the GSP to certain state-trading countries, such as China and Rumania.

7. The Committee has also urged that the GSP include clauses relating to minimum labour standards and human rights in the partner countries.

8. The present scheme, which has been in operation for some twenty months, can now be assessed, as the statistics for 1981 are starting to become available.

9. The Committee's comments on the classification of goods into sensitive and non-sensitive products (point 14 of the Opinion of 30 April 1980) still apply in principle.

10. The same goes for the administration of the GSP and the timetable for consulting the Economic and Social Committee (same Opinion, point 16).

#### The GSP Proposals for 1983

11. The new proposals follow on from last year's. Certain changes have been made to help the least-developed LDCs in particular, especially as regards agriculture, but substantially the scheme remains the same.

12. For industrial products (except textiles) the Commission is proposing:

- the transfer of eight products from the "sensitive" to the "non-sensitive" list and two products from the "non-sensitive" to the "sensitive" list;
- the introduction of eleven new individual quotas per country for certain sensitive products (although eight existing quotas would be abandoned);

- the raising of the ceilings for sensitive products from zero to 15%, depending on the economic situation in the sectors concerned (there would be no increases for steel, footwear, leather and certain chemical products);
- a 15% increase in the preferences granted to non-sensitive products;
- the extension to China of preferences concerning three positions on list A and to Rumania of preferences concerning seven products on list A and six products on list B (A = sensitive products; B = non-sensitive products).

13. For textiles the Commission is proposing:

- pending the Community's accession to the second MFA (1981/1986), which is dependent on the conclusion of voluntary restraint agreements by the supplying countries, products covered by the MFA will be subject to the same rules as at present, except for:
  - a) a rise in quotas of 5% (except for those applied to the biggest exporters: South Korea, Hong Kong, Rumania and China); and
  - b) an adjustment of the volumes of products covered by the "basket withdrawal" procedure, which would have the effect of a 5 to 25% increase (\*).

---

(\* ) Procedure triggering consultations on laying down a Community ceiling or quota.

- non-MFA products would be covered by the same arrangements as those for industrial products other than textiles;

- arrangements for jute and coir products would be unchanged.

14. For agricultural products the Commission is proposing that the least-advanced countries should have the same terms of access to Community markets as the ACP signatories of the Lomé Convention: i.e. 370 products under headings 1 to 24 would come in duty-free.

15. The Commission is also proposing to increase the preference granted to 18 products already on the list, such as certain live plants, flowers, mangos, chocolate, grapefruit juice, cigarettes, cigars and cigarillos, and to add nine new products.

16. The Commission confirms its inclination for an examination by the Council of the proposals it has submitted in the past concerning the application of minimum labour standards by GSP beneficiaries.

Jean de PRECIGOUT

Theodossis GEORGIU

The Chairman  
of the  
Section for External Relations

The Rapporteur  
of the  
Section for External Relations

Roger LOUET

The Secretary-General  
of the  
Economic and Social Committee