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Report

drawn up on behalf of the Committee on Development and Cooperation

on the proposals from the Commission of the European Communities to the Council (Doc. 1-429/80) for regulations fixing the Community's five-year scheme of generalized preferences for the period 1981-1985, and the opening of the scheme applicable in 1981

Rapporteur: Mr A. PEARCE

By letter of 22 September 1980 the President-in-Office of the Council of the European Communities requested the European Parliament pursuant to Articles 43 and 113 of the EEC Treaty in particular, to deliver an opinion on the proposals from the Commission of the European Communities to the Council for regulations fixing the Community's five-year scheme of generalized preferences for the period 1981-1985 and opening the scheme applicable in 1981.

On 13 October 1980 the President of the European Parliament referred these proposals to the Committee on Development and Cooperation as the committee responsible and to the Committee on External Economic Relations, the Committee on Agriculture and the Committee on Economic and Monetary Affairs for their opinions.

On 9 July 1980 the Committee on Development and Cooperation appointed Mr Pearce rapporteur.

At its meeting of 28 October 1980 it considered these proposals and adopted the motion for a resolution unanimously with one abstention.

By letter of 29 October 1980 the Council requested that, pursuant to the provisions of Rule 14 of the Rules of Procedure the debate be treated as urgent.

Present: Mr Poniatowski, chairman; Mr Bersani, vice-chairman; Mr Pearce, rapporteur; Mrs Caretoni Romagnoli (deputizing for Mr Ferrero), Mr Cohen, Mr Enright, Mrs Focke, Mr Kellett-Bowman, Mr Lezzi, Mr Narducci, Mr Schieler (deputizing for Mr Kühn), Sir Frederick Warner and Mr Woltjer (deputizing for Mr Glinne).

The opinions of the Committee on Economic and Monetary Affairs and the Committee on External Economic Relations are attached. The opinion of the Committee on Agriculture will be published separately.

The explanatory statement will be given orally in plenary sitting.

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The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council for regulations fixing the Community's five-year scheme of generalized tariff preferences for the period 1981-1985 and opening the scheme applicable in 1981

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council (COM(80) 395 final),
 - having been consulted by the Council pursuant to Articles 43 and 113 of the EEC Treaty in particular (Doc. 1-429/80),
 - recalling its earlier resolutions on the generalized system of preferences, and in particular that of 16 October 1980 ,
 - having regard to the report of the Committee on Development and Cooperation and the opinions of the Committee on Agriculture, the Committee on Economic and Monetary Affairs and the Committee on External Economic Relations (Doc. 1-545/80 and Doc. 1-545/80/Ann),
1. Welcomes the renewal of the Community's generalized system of preferences by means of a new scheme to follow on directly from its first period of application;
 2. Endorses once again the Community policy of granting generalized tariff preferences to the developing countries, and in particular to the least developed amongst their number;
 3. Stresses the important role that the generalized system of preferences may play in the Community's development policy, although its economic achievements so far have been disappointing;
 4. Points out that in the past the generalized system of preferences has not achieved its aims (85% of its advantages going to a mere 17 countries), and stresses therefore the need for new implementing measures in order to obtain more appropriate results;
 5. Notes that the Commission's proposal takes account of the wishes of the European Parliament in respect of duration, autonomy,

modulated application, simplification, classification of industrial products covered by the GSP, and in respect of the list of beneficiary countries;

6. Approves the Commission's proposal that a five-year scheme of generalized tariff preferences should be instituted and that only minor annual adjustments should be made to the essential provisions of the system, but leaving open the option of making changes in the list of products covered;
7. Considers that in this way all economic operators will be able to pursue their activities in a more familiar and secure framework, which should enable the opportunities provided by the generalized system of preferences to be more effectively exploited;
8. Favours the retention of the principle of an autonomous system of generalized preferences and calls again on the Commission to examine the true significance of the system, and its relationship to the other Community aid and development policies;
9. Recalls that the European Parliament has always taken the view that if the generalized system of preferences is to be exploited more effectively the system must be simplified and made more transparent, and notes that the scheme for the period 1981-1985 is a modest first step in that direction;
10. Agrees that the categories of industrial products should be reduced to two and that the application of the preferential advantages be modulated in line with the economic situation in the individual developing countries;
11. Accepts the Commission's proposal that the application of the system should be modulated in line with the level of industrial development in the beneficiary countries and on a product-by-product basis;
12. Welcomes the fact that the list of the least developed countries which are to benefit from total exemption in respect of all the products covered by the generalized system of preferences is identical to that drawn up in the context of the Third Development Decade;
13. Notes with regret that no changes to the rules on origin or better publicity have been proposed, despite requests to that effect;
14. Calls for greater efforts to be made to enable the poorest developing countries to participate more widely in this system; recalls the need for an intensive information campaign to enable the developing countries to make greater use of the opportunities offered by the system of generalized preferences;

15. Considers that the offers made under the five-year scheme and the scheme applicable in 1981 do not entirely meet the European Parliament's expectations; understands, however, that in view of the Community's economic situation it is difficult to make additional concessions at the moment and hopes that it will be possible to add new products to the list at some future date;
16. Notes the specific and very limited improvements made to the scheme for the period 1981-1985 as regards agricultural products; and notes that the new scheme makes no changes to the system for agricultural products covered by the common agricultural policy;
17. Notes, however, with particular reference to the least industrialized developing countries, that the preferences can only be of use if they apply to agricultural products; requests, therefore, that the list of products be progressively extended to include agricultural products, even those covered by the common agricultural policy, and invites the Commission to lay down in the agricultural sector a commercial policy which is compatible with the Community's development policy;
18. Approves the inclusion of Basmati rice in the list of agricultural products covered by the generalized system of preferences, but notes that the advisory committee for the industry was not consulted; considers, moreover, that measures should be introduced by stages to enable the industry to adapt to the new situation;
19. Urges that should there be an exceptional increase in Community imports of a non-sensitive product, no measures be taken without prior consultation of the exporting countries concerned, and without the European Parliament being informed;
20. Approves the renewal of the system applying to textiles for the period 1981-1985 and the few improvements proposed; recalls that this system cannot now be changed except under the future Multifibre Arrangement to run from 1982;
21. Deplores the fact that once again it was not possible to adopt the system applicable in 1981 in due time;
22. Calls on the Commission to take full account of the European Parliament's attitude to the powers of the advisory committees when it submits its future proposal for a regulation on the management procedures for the generalized system of preferences.

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

Letter to the chairman of the Committee on Development and Cooperation

Dear Mr Chairman,

At its meeting of 28 and 29 October, the Committee on Economic and Monetary Affairs considered the Commission's proposal to the Council concerning the application of the Community's scheme of generalized tariff preferences for the period 1981-1985 and the opening of the scheme applicable in 1981 (Doc. 1-429/80).

The Committee on Economic and Monetary Affairs has already delivered its opinion on the principles of the GSP after 1980 in the context of the Commission's proposed guidelines for the Community's scheme of generalized tariff preferences for the post-1980 period (Doc. 1-67/80).

There is, therefore, little point in restating in the context of this proposal the views already expressed on the general principles and we refer you to the relevant opinion (see Doc. 1-455/80). As regards the specific offer, we shall confine ourselves to a few remarks on the changes made to the system in recent years.

As already mentioned in the guidelines, the system is to be simplified by limiting the number of product categories to two, i.e. sensitive and non-sensitive. Certain of the sensitive products are to be subjected to strict supervision.

In order to offer the poorest countries better opportunities to make use of the GSP, 'competitive countries' are to be identified for the 94 products classed as sensitive. These are the only countries whose exports to the Community will be limited by Community tariff quotas. For the remaining beneficiary countries the Commission will merely have the option of arranging for prior consultation on the reintroduction of customs duties as soon as a certain ceiling is reached. The proposal also sets out certain criteria for determining whether or not a particular country is 'competitive', which take into account the way in which the GSP has been applied in the past, the country's import share and its GNP.

The Committee on Economic and Monetary Affairs is in agreement with this modulated application of the GSP and hopes that it will enable the poorer countries to make greater use of the scheme's advantages. The committee does not wish, however, to express a view on the proposed criteria. It feels that they require thorough study for which the necessary time is lacking. With respect to the 'competitive countries' which can continue to benefit from the GSP, the utmost should be done to ensure the greatest possible degree of reciprocity through the conclusion of bilateral trade agreements.

The Committee on Economic and Monetary Affairs supports measures to simplify the administration of the scheme, on which the Commission has announced its intention to put forward a proposal by the end of the year.

Lastly, it is necessary to stress once again the importance of supplementary measures aimed at assisting the developing countries as much as possible in their use of the GSP, through information seminars, a handbook on the use of the scheme and so on.

Please consider this letter as the opinion unanimously adopted by the Committee on Economic and Monetary Affairs on Doc. 1-429/80.

(sgd) N. FORSTER
Draftsman

Present: Mr Delors, chairman; Mr J. Moreau, vice-chairman; Mr Beazley, Mr Benmer, Mr Delovozoy, Mr Herman, Mr Hopper, Mr Moorhouse (deputizing for Miss Forster), Mr Purvis (deputizing for Sir Brandon Rhys Williams), Mr Turner (deputizing for Mr de Ferranti), Mr Wagner, Mr Walter and Mr von Wogan.

OPINION OF THE COMMITTEE ON EXTERNAL ECONOMIC RELATIONS

Draftsman: Mrs M. M. Fourcade

On 20 October 1980 the Committee on External Economic Relations appointed Mrs Fourcade draftsman.

At its meeting of 4 November 1980 the committee considered the draft opinion and adopted it unanimously.

Present: Sir Fred Catherwood, chairman; Mrs Fourcade, draftsman; Mr Almirante, Mr Irmer, Mrs Lenz, Mr Martinet, Lord O'Hagan, Mr Pelikan, Mr Seeler, Mrs Seibel-Emmerling (deputizing for Mr Radoux), Sir John Stewart-Clark and Mr Welsh.

1. The opinion drawn up by Mrs Chouraqui, which the Committee on External Economic Relations adopted in Brussels on 23 September 1980 by 11 votes with 2 abstentions, was submitted to Parliament on 16 October 1980.

In the ensuing debate a number of objections and protests were made which were expressed in a more moderate tone in the European Parliament's resolution contained in the Minutes of Proceedings of the sitting of 17 October 1980.

Nonetheless, it appears that this resolution does not take full account of the new proposals from the Commission of the European Communities to the Council for regulations fixing the Community's five-year scheme of generalized tariff preferences for the period 1981-1985 and opening the scheme applicable in 1981; if it had, there would have been no need to waste time on a distressing 'dialogue of the deaf' since the proposals in question, dated 30 September, should clearly result in significant improvements to the system and provide a great deal of clarification that would make for a more informed debate.

Be that as it may, at its meeting in Brussels of 20 October 1980, the Committee on External Economic Affairs decided not to adopt Mrs Chouraqui's opinion, as we had expressly requested, the committee and the chairman calling for it to be supplemented by a review of the Commission's proposals.

Naturally, with the short deadline we were given, we were unable to go into as much detail as we would have wished, and we had to confine our attention to the main lines of action and to a few specific cases which, we felt, required particular comment.

2. Main lines of action proposed by the Commission

Legal status

(a) the autonomous nature of the system must be maintained; Parliament agrees;

the principle of widest possible opportunities, which would, no doubt help to meet complaints that the GSP is underutilized (60%);

easier adjustment to changing economic relationships; on this latter point the developing countries are urging that the system be consolidated, claiming that its unilateral nature gives donor countries the opportunity to take unforeseeable unilateral measures. The Commission counters that the lack of security is relative: no product or country will be excluded without prior notice. The discussion - and even multilateral discussions - will remain open. In addition, the autonomous nature of the concessions will contribute towards an improvement of the Community's trade relations with a certain number of countries imposing without any legal constraints.

(b) Pluriannual application

The Commission envisages that the general pattern of the scheme should be established for a period of five years (product coverage and beneficiaries would remain essentially the same) - which should reassure the developing countries and Community importers - apart from annual adjustments which are discussed in detail in the section on administration.

(c) Modulated application of preferential advantages

The Commission notes that the application of preferential advantages has been modulated from the outset, but that this has not removed the major obstacle which is that certain beneficiary countries which have stepped up the pace of development enjoy a competitive advantage. Under such circumstances there can no longer be grounds for granting completely duty-free entry, and the too sudden and uncontrolled application of the necessary adjustments might cause serious difficulties for Community production. The identification of these countries will be based on economic criteria determined in the light of the actual situation, but a more specific method is envisaged which will enable strict limits to be placed on the preferential advantages in the competitive sectors.

We accept this forecast, despite the fact that modulated application will be introduced only gradually and - given that there is no proposal to exclude any product or beneficiary country from the scheme for the period 1981-1985 - it may reasonably be doubted whether the major obstacle referred to above can be avoided.

(d) Labour standards

Apart from the observance of minimum labour standards which it has repeatedly indicated, the Commission states that 'in order to facilitate the discussions, a working document will be sent to the Council before the end of July which will spell out the contents of the necessary legal acts'. In this respect we would point out that there is a clear contradiction between this project, which comes too late in any case, and paragraph 12 of Parliament's resolution in which Parliament 'expresses disquiet at the suggestion that the Council will be involved in managing the GSP; reiterates that this function belongs to the Commission and urges the Council not to exceed its proper role in this matter'. Indeed, the first clarification of the scheme should be to know exactly who is administering what.

(e) Accession of Greece

The new scheme will coincide with the accession to the Community of Greece which is to assume its obligations in respect of the GSP progressively over a five-year transitional period. It is not clear what is meant by the 2% figure in overall terms which enlargement will imply as far as the GSP is concerned.

(f) Beneficiary countries

We raise no objection to the inclusion of the 123rd beneficiary country, Zimbabwe, which is not a signatory to the Convention of Lomé.

3. As far as China and Romania are concerned, we should welcome further information on the adjustments which are now to be made for these countries on the basis of the Commission's modulation policy, in respect of all the products covered, including agricultural products.

4. As regards the least developed countries, all of which are signatories to the Lomé Convention, it appears to be sensible to align the list at the very least on that proposed by the United Nations which will enter into force on the same date as the Third Development Decade, 1 January 1981, in other words, to grant them completely duty-free entry.

5. Details of the scheme for the period 1981-1985

Agricultural products

The Commission begins by postulating three basic factors:

- the constraints of the common agricultural policy;
- the need to safeguard the interests of the ACP States;
- the need to safeguard the interests of the Mediterranean countries.

The type of products concerned will not widen the Community's scope for manoeuvre. Specific improvements in the scheme are likely to benefit the least developed countries. This is a vast programme which we cannot but commend, but the details need to be spelled out. Accordingly, the few changes proposed seem rather insignificant in comparison with the recommendations repeatedly made by the Commission, Parliament and the Committee on External Economic Relations.

(a) The inclusion of one new product, basmati rice, to benefit Pakistan (8,000 tonnes, including a reserve share), on condition that it is high-quality milled rice put up for sale in small packages not exceeding 5 kg net weight and its authenticity attested, does not, we feel, pose any problem.

(b) The increase in the preferential margin for products falling within Chapters 9-21 is similarly quite acceptable, although the beneficiary countries are not specified. The increase is of:

- one point for cinnamon other than ground, and flour of dried leguminous vegetables, and
- two points for coffee in various forms, pimentos, seeds of badian, malt and malt extracts, a total of ten products.

Completely duty-free entry is granted in respect of another seven products for which the existing GSP rate does not exceed 3% (nutmeg, sweetened cocoa powder, various preparations and prepared foods obtained from cereals and certain yeasts).

Much ado about nothing!

6. In the agricultural sector, the Commission's recommendations do not appear to go far enough.

Whether it be the need to establish a meaningful relationship between the GSP and other Community aid programmes by defining them more closely so that the developing countries not benefiting from other preferential agreements with the Community or under the Convention of Lomé can actually obtain priority access to the benefits of the GSP,

or whether it be the desire to include more agricultural products in the system, the only way of helping the most impoverished countries, bearing in mind that in the first instance the products involved will be those for which Europe is a net importer and which it is obliged to import from third countries.

These crucial points which form the moral basis of the GSP are relegated to a subordinate position in a complicated pattern which does not properly reflect the basic requirements of the scheme.

Finally, not enough imagination has been used in drawing up the tariff concessions. Other instruments likely to encourage investment in the developing countries can be introduced in order to establish new methods of cooperation. Despite the frequent reminders from the Committee on External Economic Relations on this subject we deeply regret that there has been no response from the Commission.

Nonetheless, there has been some progress in classification: there will now be only one regulation (covering the products in Chapters 1-24) instead of the previous six.

7. Scheme for the period 1981-1985 in respect of industrial products

(a) Product coverage

In the past, the scheme covered all semi-manufactures and manufactures falling within Chapters 25 to 99 of the CCT. It excluded primary products and products of first-stage processing. The least developed beneficiary countries have asked for duty-free access under the GSP for products other than manufactures on the grounds that in this way they will generate extra revenue to assist them in their industrialization. The Commission therefore proposes that to this end the following new products should be introduced:

- coarse animal hair, prepared (53.02),
- wool or other animal hair (fine), carded or combed (53.05),
- cotton, carded or combed (55.04), and
- leather not further prepared than tanned (41.02-41.05 B I).

The beneficiary countries affected by these additions include Peru, Nepal, Bangladesh, India and Pakistan. This derogation clearly sets a precedent which needs close examination, the more so since the choice of countries concerned, except Bangladesh and Pakistan, is not explained in the choice of its criteria.

(b) Arrangements for subjecting products to ceilings

The principles of duty-free access and the placing of ceilings on sensitive products are maintained. A good method, which would ultimately benefit the least developed countries, would be to maintain the offer for 1980, increased whenever justifiable, for the growing number of products under surveillance. Annual offers along these lines will be put before the Management Committee. Adjustments will be based on the development of the EEC's total trade for the industrial products. As regards products not under surveillance, the offer can theoretically be evaluated as being equivalent to total imports into the Community from the beneficiary countries.

As in the past, the offer is expressed in units of account except for:

- plywood (cubic metres),
- petroleum products (tonnes), and
- textiles (tonnes, pairs or peices), according to the procedure set out above.

The rate for converting the amounts in question into national currency will be uniform in the case of both quotas and ceilings. It will correspond each year to the rate laid down for the purposes of application of the Common Customs Tariff.

(c) The preferential arrangements

Firstly, the system has been simplified by the establishment of two sets of arrangements for :

- (1) the products at present subdivided into four groups, each with different arrangements for surveillance and the reintroduction of duties;
- (2) zero-rated products placed in a single category of strictly controlled 'sensitive' products.

(d) In addition, the Commission has identified the products subject to surveillance in respect of which strict control should be exercised over duty-free imports (1980 basis). Account has been taken in the list of the full inclusion of China and Romania (Annex III) in the scheme. One interesting innovation is a list of 94 products which are to be made subject to close supervision.

- Where study of the import figures relating to these products has shown the existence of 'competitive' countries, their import opportunities have been confined within the Community tariff quotas.
- Furthermore, a minimal threshold (ceiling) has been set for duty-free imports, beyond which the Commission will be able to reintroduce the duty in respect of other beneficiary countries attaining the threshold.
- However, before reintroducing the customs duty there will be:
 - consultation,
 - a control on imports which might be competitive, and
 - simple monitoring of the others.

For 30 products there will be no quotas, merely a ceiling.

8. Criteria for determining which are the 'competitive' countries

(a) In respect of sensitive, hybrid and semi-sensitive products in 1980, duty has been reintroduced in respect of the country in question as a result of the maximum country amount (butoir) being used up in the last three consecutive years. For sensitive and hybrid products, its share of total imports into the Community from the beneficiary countries was not less than 20% in 1978.

(b) As regards semi-sensitive products, the share of imports will be increased to 40%. The criteria are justified as follows:

On the basis of the foregoing, a country is exempt from individual quotas if its per capita GNP is below the average per capita GNP of developing countries which have already reached an advanced stage of development, or if the product concerned is its main export product.

(With regard to China and Romania, special butoirs and exclusions do not prejudice the possible adoption of rules at the annual adjustment or the quinquennial review of the scheme.)

(c) Non-sensitive products would be covered by statistical monitoring arrangements providing a clear picture of the trend in trade flows.

9. In order to facilitate more effective planning, 'there will be no reintroduction of customs duties in the course of the year'.

Nonetheless, if examination of the facts indicated the existence of serious injury, the Commission would be able to intervene against the country concerned.

As it often happens that the damage results from the massive concentration of exports on the market of a Member State, the Commission considers that it would be advisable to examine the question with the exporting countries with a view to solving the problem by means of a broader distribution of exports and the phasing of deliveries.

The least developed countries would continue to enjoy total duty-free entry without any preferential limits on all industrial products, including steel and textiles.

10. By taking these measures the Commission hopes to attain the desired degree of transparency of the scheme.

However, has it really responded to the need for a selective approach to benefit the poorest countries on the basis of objective criteria?

Basing our remarks on the previous opinion drawn up by Mrs Chouraqui, we insist in this context that when the GSP is fixed, the system to be applied over the next few years should enable a distinction to be drawn in respect of its utilization according to the degree of industrialization of the countries concerned.

The criterion of the GNP should really be supplemented by others relating to:

- (a) per capita income,
- (b) the rate of industrial growth and investment,
- (c) the social situation,
- (d) the rate of penetration of the Community market,
- (e) the utilization rate of preferences during the first period of application, and
- (f) the situation of producers in the Community.

All that implies that the scheme should actually be drawn up in such a way that access to the Community markets for products coming from the newly-industrialized countries under the GSP is in fact limited as far as possible.

The criteria should therefore be laid down on a country-by-country basis. It appears that that is not the case at the moment and it does not appear more clearly in the present proposal for exemptions, surveillance and eleventh-hour derogations.

For example, in Annex C to the final section of the Commission's proposals, it comes as a shock to find included in the list of developing countries and territories continuing to enjoy generalized tariff preferences some which these days should be included in a list of extremely prosperous countries such as Saudi Arabia, the United Arab Emirates, Iran, Iraq, Kuwait, Libya, Qatar and other countries replete with petrodollars which raise the per capita GNP to levels unknown in Europe; furthermore, those countries show little readiness to reciprocate by taking our exports.

And the same can be said of Brazil and South Korea, amongst others, which, like Hong Kong (and possibly soon Taiwan) enjoy benefits which seem clearly disproportionate to their actual situation.

11. Textile products under the scheme for the period 1981-1985

Apart from the three new products mentioned on page 7, the system will only be extended for one year because of the complications arising on the application of the MFA and bilateral agreements due to expire in 1981 and 1982 respectively.

Beneficiary countries enjoying preferences in respect of products covered by MFA

As far as these are concerned, the Commission's offer is affected by the bilateral agreements providing for:

- the quantitative limitation of exports of its partners, or
- comparable undertakings which have been given.

The Commission notes that negotiations are in progress with Bolivia. It would be useful to know what stage they have reached since it is reported that other countries might be ready to give such undertakings.

As regards Bolivia, a new supplier country, it is proposed to include it in respect of MFA products, provided such an agreement is concluded in time for the 1981 scheme or that Bolivia gives comparable undertakings pending the conclusion of the negotiations.

The same would apply to any other applicant countries.

The GSP in force on 1 January 1980 would then be taken as the basis.

It appears, nonetheless, that very stringent short-term protective measures should be taken in this sector. The European textile industry is being overwhelmed by uncontrolled imports of products from Japan and the Far East generally. Such measures should be taken parallel to the multifibre Arrangement.

The great danger of the proposal, which does not provide for any effective means of control, especially in the textile sector, is that Europe will run an even greater risk of leaving itself wide open to exports from highly competitive countries in this sector, channelled through countries which have signed agreements with the European Community.

12. Jute and coir products are the subject of special measures which seem rather curious since these products are virtually the only ones which are not competitive in Europe.

As regards jute, for which duties are totally suspended, the present duty-free access should be maintained for 1981, India, Bangladesh and Thailand having concluded voluntary restraint agreements or undertaken to conclude such agreements.

But China and Nepal have also requested preferential treatment.

It is proposed that they be included from 1981 onwards. China is at present a very small supplier - it would, furthermore, conclude an agreement of the type in force with India and Bangladesh should its exports, which could be increased, pose a threat to the Community market (?) - whereas Nepal, which belongs to the group of least developed countries, being an insignificant supplier, would not be asked to give any undertaking.

With regard to coir products, duties are totally suspended in respect of India, under an agreement, and Sri Lanka, which has given an undertaking to conclude a similar agreement, and it is proposed that those two countries should continue to enjoy duty-free access in 1981.

These measures, which are insignificant in relation to the overall package, are acceptable.

13. Administration of the scheme

The scheme would be administered on the basis of the delegation of powers by the Council to the Commission which would then be responsible for:

- surveillance of the preferential limits (for quotas, maximum amounts and ceilings);

- preparing monthly statements, for all measures reintroducing duties at Community level, reintroduction at national level remaining possible in respect of products covered by quotas and 'hybrid products'.

To ensure greater use of the scheme by giving beneficiaries improved access to the market, the Community aspect of the system should be emphasized by:

- the abolition of the 'hybrid' arrangements, and
- the management at Community level of all individual tariff quotas for products other than ECSC products.

14. A simplification of the administration of the GSP is also envisaged: by making a distinction between day-to-day administrative decisions and important decisions affecting the structure of the scheme. (Decisions of the latter type, which are often determined by political considerations, should be taken as in the past by the Council acting on a proposal from the Commission; for all matters relating to day-to-day administration, the decision should be taken by the Commission after consulting the Member States.)

15. As regards the annual adjustments for the period 1981-1985: in addition to the administrative tasks it performed previously (and no doubt the new tasks) the Commission could take a decision by means of 'an appropriate procedure without the need to lay before the Council purely technical or economic questions of no real political significance'.

16. This new aspect of the administration of the scheme would indeed be a step towards the greater clarification requested by Parliament, although the proposals made are quite vague in their wording. The Commission obviously feels the same because it states that it will present before the end of the year a proposal for a Council regulation. We regret that it is not ready now.

17. Rules of origin in force in 1980 will be maintained in 1981 (subject to the innovations introduced) and the work of simplifying and harmonizing the rules of origin will be continued.

In this respect, the following supplementary measures are envisaged:

The supply of precise information to users both in the developing countries and in the Community. This is an excellent measure but it would be useful to know if other means of information apart from the publication of the 'Practical Guide to the Use of the Scheme' will be utilized, and if so, which ones?

The programme of seminars as requested by the developing countries, wider contacts with economic operators, and the information given to the users on how the system works are indeed key factors on which attention should be focussed through extremely wide press, radio and TV coverage.

18. As regards the efforts to make the scheme as transparent as possible: they will apply to the amounts of the limitations within which preferences are granted - including 'butoirs' and ceilings.

19. These proposals from the Commission on the Community's GSP for the post-1980 period fill out the guidelines published on 7 March and are commendably in line with the scheme's major objectives: modulated application of the preferential advantage to help the developing countries in greatest need; simplification of the machinery; the presentation of the offer, and transparency of the system. These objectives are unimpeachable but in many cases they will have to be set out in greater detail or amplified.

In particular, they take no account on the human level of the 'principal standards laid down by the International Labour Organization (ILO) for example those relating to the employment of children and the role of trade unions' which the Committee on External Economic Relations, in adopting Mrs Chouraqui's opinion, had considered of prime importance as far as the social situation was concerned.

Similarly, no account has been taken of starvation in the world.

When it comes to the decisions to be taken and the aid to be granted in other forms to the most impoverished countries, investment incentives and development cooperation in its various forms are two examples which should be borne in mind.

Be that as it may, the Committee on External Economic Relations, is aware that these proposals must enter into force on 1 January 1981. They must be adopted by Parliament which has called for a debate under urgent procedure during its November part-session. Consequently, the Committee on External Economic Relations does not wish to hinder the progress of this project.

20. Nonetheless, it attaches great importance to detailed consideration being given to the objections and points which it makes in this opinion. To that end, the Committee on External Economic Relations might propose to the Committee on Development and Cooperation that a joint debate be scheduled for next year between the appropriate committees of the European Parliament, the Commission of the European Communities and other possible interested parties outside the Community institutions in which these matters will be on the agenda.

