

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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GENERALIZED SYSTEM OF PREFERENCES

Notification by the European Communities

Addendum

The following communication, dated 22 July 1983, has been received from the delegation of the Commission of the European Communities.

I enclose a communication regarding the European Communities' 1983 Generalized System of Preferences.

I would be grateful if you would arrange for it to be circulated for the information of Contracting Parties.

EUROPEAN COMMUNITIES
GENERALIZED PREFERENCES SCHEME
1983

The economic provisions of the European communities' Scheme of Generalized Preferences for the year 1983 were adopted by the Council of Ministers on 8 December 1982 and came into force on 1 January 1983.* In December 1980 when the Council of Ministers approved in principle the extension of the EC's GSP scheme for a further 10-year-period (1981-1990) it established at the same time a framework for the first 5 years (1981-86) in terms of product coverage, tariff treatment and list of beneficiaries within which the particular scheme for 1983 was therefore worked out. The scope for the introduction of substantial improvements in 1983 was in any event severely limited by the difficult economic environment in which a number of key industrial sectors continued to find themselves. For these reasons, therefore, there are in general no major innovations in the 1983 scheme. The following points are, however, of particular note :

- a virtual doubling of the special list of agricultural products for Least Developed Countries, on all of which they receive duty-free access;
- for all textile products irrespective of the fibre from which they are made, the system of control has now been harmonised on the basis of individual country ceilings which are, for products where there are highly competitive suppliers, allocated between EC Member States.

In 1983 the EC's GSP scheme enters its twelfth year of operation. From the outset, in 1971, the EC has offered comprehensive coverage in the industrial sector (CCT Chapters 25 to 99) by the inclusion of all otherwise dutiable manufactured and semimanufactured products but subject in certain circumstances to preferential limits. These limits - quotas or ceilings - only operate on "sensitive" products and are reviewed annually and wherever possible increased. From a modest initial scheme offering

* The complete text of the three EEC Regulations and 1 ECSC Decision which make up the 1983 GSP scheme are published in the Official journal of the European Communities (Vol. L363, of 23 December 1982). The complementary Commission regulations laying down the Rules of Origin applicable for 1983 appear in Official Journal L377 of 31 December 1982.

preferences on only 147 products with a trade value of about \$100 million the EC's scheme for agricultural products has been transformed almost out of recognition: in 1983 it covers some 385 tariff lines with preferential import possibilities of at least 2.2 billion ECU. Moreover, apart from 5 products subject to quota and one to a ceiling, there are in practice no preferential limits as the safeguard clause, which is regularly written into the GSP regulations, has never once been called into action. In addition preference margins on a large number of agricultural products have been improved often more than once, since their first introduction into the EC's GSP scheme.

In 1981, the last year for which full statistical data on usage of the scheme is available, total imports under the EEC scheme from beneficiary countries amount to 8.06 billion ECU (37.6 % of total imports of these products from beneficiary countries). A further 72.10 billion ECU of imports from these countries already has duty-free treatment on MFN or bilateral preferential basis. Hence, over 80 % of all Community imports from beneficiary countries, entered the Community in 1981 either duty-free or at preferential rates.

In difficult times, when economic recovery in the Community is still unsure and at best fragile, the Community's wish to maintain and improve the GSP is a sign of its confidence in the system as a tool for development. It is one element in an overall policy for cooperation and development; it should be appreciated as such rather than concentrating on particular sectoral or geographical aspects of the whole, or treating it as a commercial policy measure.

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The principal elements of the 1983 GSP are summarized below.

I. AGRICULTURAL PRODUCTS

a) Addition of 8 entirely new products:

- horse-radish (07.01 G III)
- fresh or dried dates (08.01 ex A)
- dried and frozen okra (07.02 ex B, 07.04 ex B)
- sweet peppers (07.02 ex B)
- bilberries (08.08 ex C)
- dried rose hips fruit (08.12 ex G)
- seasnails (16.05 ex B)

This brings the number of tariff lines on which generalized preferences are offered to all beneficiaries to 385, of which 78 are duty-free.

- b) Improvements in preference margins for all beneficiary countries on 17 products already included in the scheme (see Annex).
- c) Addition of around 370 products to the list of products for which least-developed countries will have duty-free access (bringing the total to over 700). Thus, these countries will receive for practically all dutiable products, not further protected by a levy or similar device terms of access broadly equivalent to those for ACP countries under the Lomé II agreement.
- d) Reduction in the number of exclusions for China, which becomes a beneficiary for six additional items, three of which are under quota:
- certain fruit juices
 - cocoa butter)
 - soluble coffee) quota products
 - canned pineapple)
- e) Following an examination of the pattern of trade flows in the 5 agricultural products subject to quota during the years 1976-80, modification of the shares allocated to Member States on all these products - with particular marked effect as regards canned pineapples in slices and Virginia type tobacco.

III. INDUSTRIAL PRODUCTS OTHER THAN TEXTILES

- a) Adaptation of the list of sensitive products in the light of trade development, resulting in a net addition of four products to the list (nine products were downgraded to non-sensitive while thirteen were added) making 129 industrial and six ECSC items in all.

- b) Following a review of the individual country quotas applied on the sensitive list to imports from the most competitive countries and of the individual ceilings on other suppliers, a net increase of 12 individual quotas (22 new quotas, 12 former quotas suppressed).
- c) Maintenance of the value of quotas and ceilings at the 1982 level for certain extremely sensitive or crisis-hit sectors:
- ECSC and certain other steel products
 - footwear and most leather items
 - a number of chemical products
- d) Increases of 5 % in 14 quotas and 39 ceilings, and of 10 % or more for 7 quotas and 52 ceilings. For all non-sensitive products, there will be a 15 % across-the-board increase.
- e) Reduction in the number of exclusions for China and Rumania (3 products for each country).
- f) Least-developed countries continue to be exempt from quotas and ceilings.

III. TEXTILE PRODUCTS

Products of cotton, wool or man-made fibre

Basic framework of scheme which was originally introduced in 1980 remains unchanged

- a) List of beneficiaries: eligibility for GSP benefit is conditional - except for Least Developed countries - upon the exporting country having signed a bilateral textile agreement with the EC or given a similar undertaking; Bolivia and Ecuador having given "similar undertakings", the number of beneficiary countries in 1983 following the renegotiation of the MFA and the attendant bilateral agreements is 21.

- b) Volume of offer: following the successful renegotiation of MFA and attendant bilateral agreements, some modest improvements for other than 3 dominant suppliers i.e. Hong Kong, South Korea, Macao or 2 State Trading Countries - Romania and China. - on a scale related to improvements on MFA volumes: while the most sensitive categories Group 2 and 13, 21, 26 and 73 remain frozen ceilings for all other Group II products have been increased by 2,5 % and for Group III products by 5 %; for products on which there is a minimum offer^{*)}, these offers have been recalculated on the basis of 1980 instead of 1977 reference figures, subject to the necessary corrective factors according to sensitivity/country as for significant volumes referred to above;
- c) Administration: following 3 years experience of the scheme, has been agreed to abolish most of the allocated ceilings on minimal offers except for the 5 dominant State Trading countries and a few highly sensitive categories.

Jute and Coir products

are not subject to ceilings but the granting of preferences is conditional on bilateral agreements (India, Sri Lanka) or similar agreements (Thailand). These are not required however from least-developed countries (Bangladesh and Nepal export jute).

Products-made from other fibres

- no precondition for eligibility so same list of beneficiaries, as for agricultural and industrial products;
- in 1983 administration has been changed to system of individual country ceilings which replaces old regime of global ceilings/butoirs (maximum country amounts); as on industrial products, ceilings are allocated among EC Member States for imports from competitive suppliers;
- volumes of new individual country ceilings are based on former butoirs, but reference year has been updated to 1980 from 1977 base previously used in calculations. No limits on imports from Least-Developed countries.

^{*)} Minimum offer: standard volume calculated for beneficiaries on categories where imports had been zero or negligible.

IMPROVEMENTS IN PREFERENTIAL MARGINS FOR AGRICULTURAL PRODUCTS ALREADY INCLUDED

CCT Heading	Description	MFN rate 1983	GSP rate 1982	GSP rate 1983 %	Main beneficiaries
1. 03.03 A (iv)	Change GSP description from ex C) other - Prawns (Palaeomonidae spp) - Prawns (Penaeidae spp) to c) other	12%	6%	6	India
2. 06.02 A II	Unrooted cuttings and slips other than of vine	10%	10%	8	GTM/CRI COL/IND
3. 06.02 ex D	Yuccas and cacti, not planted, in pots, tubs, boxes or the like	13%	12%	9	CRI/GTM/ MEX
4. 06.03 ex B	Cut flowers - cut flowers dyed, bleached, impregnated or otherwise prepared	20%	17%	16	BRZ
5. 06.04 BI	Parts of plants, fresh	10%	8%	7	
6. 08.01 H	Mangoes	6%	5%	4	IND
7. 08.10 ex D	Rose-hips fruit cooked or un- cooked, fresh without the addition of sugar*	19%	7%	0	CHL
8. 09.10 B	Bay leaves	14%	13%	12	
9. 15.10 B	Oleic acid	7%	5%	3	
10. 18.06 C	Chocolate and chocolate goods	12% + v.c.	10% + v.c.	9 + v.c.	BRZ/ ECD
11. 20.06 B II b) 3	Fruit otherwise prepared/ preserved ... mandarins	20.9%	20%	19	

*New sub-heading

EC's 1983 GSP Scheme
IMPROVEMENTS IN PREFERENTIAL MARGINS FOR AGRICULTURAL PRODUCTS ALREADY INCLUDED

CCT Heading	Description	MFN rate 1983	GSP rate 1982	GSP rate 1983 %	Main beneficiaries
12. 20.07 A III ex A	Products of 08.01 (fruit juices) - Date syrup*	42%	14%	0	
13. 20.17 BII(a)()	Pineapple juice aa) containing added sugar	19% + ads	18% + L	17 + L	PHL
14.	bb) other	20%	19%	17	
15. 20.07 B II b (5)	Pineapple juice aa) with an added sugar content exceeding 30% by weight	19% + ads	18% + L	17	
16.	bb) with an added sugar content of 30% or less by weight	19% + ads	18% + L	17	
17.	cc) not containing added sugar	20%	19%	17	

*New sub-heading.

EC's 1983 GSP Scheme

NEW PRODUCTS ADDED TO THE GSP FOR ALL BENEFICIARIES

CCT Heading	Description	MFN or autonomous rate 1983	GSP rate 1983 %	Main beneficiaries
1. 07.01 SIII	Horse radish, fresh or chilled	15%	13	India
2. 07.02 ex B	Okra (...), frozen	18%	13	India
3. 07.04 ex B	Okra (...) (dried)	16%	11	India
4. 07.04 ex B	Sweet peppers, red or green, dried dehydrated or evaporated, in pieces with a humidity content less than or equal to 9.5% but not otherwise prepared	16%	12	
5. 08.01	Fresh or dried dates, intended for processing with the exception of the production of alcohol.	12%	8	IRQ
6. 08.08 C	Fruit of the species Vaccinium myrtillus	4%	2	
7. 08.12 ex C	Rose-hips fruit (dried)	6%	0	CHL
8. 16.05 ex B	Snails (seasnails)	20%	6	