

Opinion of the Economic and Social Committee on the 'Proposal for a Council Regulation (EC) applying a multiannual scheme of generalized tariff preferences from 1 July 1996 to 30 June 1999 in respect of certain agricultural products originating in developing countries'

(96/C 204/25)

On 12 April 1996, the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Economic and Social Committee decided to appoint Mr Strauss as Rapporteur-General for its Opinion.

At its 335th Plenary Session (meeting of 25 April), the Economic and Social Committee adopted the following Opinion by a majority with 55 votes for, five votes against and 26 abstentions.

1. Preliminary remark

1.1. The Commission proposes to extend to the agricultural sector the principles of the generalized scheme of tariff preferences (GSP) which have applied to industrial products since 1 January 1995. At that time the implications of the outcome of the Uruguay Round for the agricultural sector still had to be studied.

1.2. For the agricultural sector the Commission proposal seeks the same four main objectives as for the industrial scheme:

- simplification, with preferential duties being modulated by a mechanism involving four tiers of tariff reductions;
- the re-weighting of the scheme in favour of the countries most in need of it, by means of a system of graduation by major production sector;
- the neutrality of the new scheme's impact compared with the previous one; and
- the encouragement of beneficiary countries to develop progressive social and environmental policies by means of additional incentives going beyond neutrality.

A fifth objective, specific to the agricultural sector, is also sought, namely:

- extending the range of products covered by the new scheme.

2. General comments

2.1. The ESC welcomes the intention to undertake a reform of the GSP, which will include the agricultural sector.

2.2. The ESC agrees with the Commission that account should be taken of the changing conditions of international trade in agricultural products, particularly since the conclusion of the Uruguay Round, and of the beneficiary countries' repeated requests over the years that the coverage of the agricultural scheme be extended.

2.3. The ESC stresses the need for differential treatment of agricultural products depending on their sensitivity. The ESC supports application of the same levels of tariff reduction as in the industrial sector, divided into four sensitivity categories (15 % reduction for very sensitive products, 30 % for sensitive products, 65 % for semi-sensitive products and 100 % for non-sensitive products). The ESC thinks attention should be paid to certain special cases, so that the interests of EU producers can also be taken into account.

2.4. The ESC supports the introduction of a graduation and solidarity mechanism (Article 4). Developing countries which have reached a higher standard in terms of their GNP and export capacity should gradually be taken out of the preference scheme, so that they can be treated as industrial countries. They should therefore not retain any right to preferences if they have made particular progress, compared with other developing countries, as regards their GSP-covered agricultural products. The ESC basically feels that the procedure provided for in Article 5 should be applied here.

2.5. The ESC considers that there is no need to wait for serious difficulties to actually occur before introducing protective measures; the mere threat of such a difficulty is sufficient. However, objective criteria should be applied when assessing whether there is a serious difficulty. The ESC thinks it important that, in addition to the rules on the introduction of protective measures, the proposed Regulation should contain other rules on the duration and periodic review of such measures.

2.6. The ESC considers that the social, environmental and withdrawal clauses (Article 7) are necessary. It agrees that special arrangements should be introduced too, as an additional offer regarding the agricultural products concerned, for particularly good conduct in the areas of worker and environmental protection. These arrangements should not apply to advanced developing countries, but should serve as an additional incentive to

those developing countries which can no longer obtain full customs exemption.

2.7. The ESC supports the provision for temporary withdrawal of preferences at any time, in whole or in part, when serious violations of international agreements occur (e.g. international conventions against forced labour, inadequate co-operation on the export or transit of drugs or the combatting of money laundering), or when there is discrimination against the Community and failure to comply with obligations under the Uruguay Round to meet agreed market-access objectives.

2.8. The ESC calls upon the Commission to take these criteria seriously, so as not to give the impression that such objectives are merely formal declarations.

3. Specific comments

3.1. The ESC thinks that stricter definitions are necessary if such withdrawals or additional benefits for good conduct are to take place.

3.2. The ESC therefore considers that the procedures for adapting benefits should be speeded up, so that changes in the Community and in the beneficiary countries can be taken into account more fully and promptly.

3.3. The ESC particularly recalls that the granting of benefits under the GSP is (i) not prejudicial to later WTO negotiations, (ii) enables account to be taken of Community interests and (iii) provides better encouragement for beneficiary countries in accordance with their level of development and with their international co-operation in the areas of human rights, environmental protection, money laundering and drug trafficking, and the conservation and careful use of resources.

3.4. The ESC points out the lack of consistency within the EU regarding the conclusion of further free trade agreements and the granting of GSP benefits to states with which such free trade agreements exist or are being negotiated.

Done at Brussels, 25 April 1996.

The President
of the Economic and Social Committee
Carlos FERRER
