



**COUNCIL OF  
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## **Council approves new scheme for tariff preferences**

The Council today<sup>1</sup> adopted a regulation amending the EU's scheme of generalised tariff preferences (GSP) for developing countries ([PE/CONS 26/12](#)).

Adoption of the regulation follows an agreement with the European Parliament; the Parliament adopted its position at first reading on 13 June.

The EU's GSP has been in force since 1971. Trade preferences granted to developing countries contribute to their integration into the global trade system and to their sustainable development, whilst those provided under the EU's "GSP+" arrangement are used as an incentive to improving governance, the quality of life and the protection of human rights.

The reform of the GSP is aimed at adapting the system to the changed global landscape and making it more transparent and predictable, and more generous to the countries in greatest need. Preferences will now be concentrated on least developed, low income and lower middle-income countries, taking account of changing economic and trade patterns and acknowledging that the economic crisis and preference erosion<sup>2</sup> have hit the poorest countries hard. The selection of beneficiaries will henceforth be largely income-based. Countries that already enjoy preferences under free trade agreements with the EU, or under autonomous arrangements, will be excluded from the scheme.

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<sup>1</sup> The decision was taken without discussion at a meeting of the Employment, Social Policy, Health and Consumer Affairs Council.

<sup>2</sup> i.e. where the removal of trade barriers erode the advantage that trade preferences confer.

# **P R E S S**

The EU GSP consists of a general arrangement and two special incentives:

- The general arrangement provides for tariff reductions or suspensions for goods imported from developing countries which are not classified by the World Bank as high-income or upper middle-income countries and which are not sufficiently diversified in their exports;
- The first special incentive, "GSP+", provides for further tariff reductions for developing countries joining the "flagship" for promoting human rights that sign, ratify and effectively implement a set of 27 core UN and International Labour Organisation conventions on human and labour rights, environmental protection and good governance;
- The second special incentive, "Everything But Arms" (EBA), provides for full duty-free and quota-free imports of all goods from the least developed countries with the exception of arms. Under the new regulation, the EBA arrangement is not changed.

The changes introduced by the regulation fall into five main areas: country coverage; preference margins and product coverage; product graduation; "GSP+" and special safeguards.

Once the regulation is published in the Official Journal (before the end of 2012), the Commission will continue work with the Parliament and the Council with a view to implementing it. This will in particular involve updating the lists of eligible countries and beneficiary countries. Sufficient time will be provided for economic operators to adapt to the new preferences, which are due to apply as of 1 January 2014.