

Procedure file

Basic information

COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2021/0297(COD)	Awaiting Parliament's position in 1st reading
Generalised scheme of tariff preferences Repealing Regulation 2012/978	2011/0117(COD)	
Subject		
6.30.01 Generalised scheme of tariff preferences (GSP), rules of origin		
Legislative priorities		
Joint Declaration 2023-24		
Joint Declaration 2022		
Joint Declaration 2021		

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	 International Trade	 HAUTALA Heidi	03/12/2020
		Shadow rapporteur	
		 MATO Gabriel	
		 GLUCKSMANN Raphaël	
		 CAÑAS Jordi	
		 CAMPOMENOSI Marco	
		 FRAGKOS Emmanouil	
Committee for opinion		Rapporteur for opinion	Appointed
	 Foreign Affairs (Associated committee)		11/11/2021
		 ARENA Maria	
	 Development		22/09/2021
		 ASIMAKOPOULOU Anna-Michelle	
Council of the European Union European Commission	Commission DG	Commissioner	

Key events

23/09/2021	Legislative proposal published	COM(2021)0579	Summary
04/10/2021	Committee referral announced in Parliament, 1st reading		
20/01/2022	Referral to associated committees announced in Parliament		
03/05/2022	Vote in committee, 1st reading		
03/05/2022	Committee decision to open interinstitutional negotiations with report adopted in committee		
17/05/2022	Committee report tabled for plenary, 1st reading	A9-0147/2022	Summary
18/05/2022	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
06/06/2022	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		

Technical information

Procedure reference	2021/0297(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Repealing Regulation 2012/978 2011/0117(COD)
Legal basis	Rules of Procedure EP 57; Treaty on the Functioning of the EU TFEU 207
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	INTA/9/07218

Documentation gateway

Document attached to the procedure		SEC(2021)0330	23/09/2021	EC	
Document attached to the procedure		SWD(2021)0266	23/09/2021	EC	
Document attached to the procedure		SWD(2021)0267	23/09/2021	EC	
Legislative proposal		COM(2021)0579	23/09/2021	EC	Summary
Committee draft report		PE703.100	06/01/2022	EP	
Amendments tabled in committee		PE704.832	07/02/2022	EP	
Amendments tabled in committee		PE704.904	08/02/2022	EP	
Committee opinion	AFET	PE700.536	01/03/2022	EP	
Committee opinion	DEVE	PE700.592	08/03/2022	EP	

Additional information

Research document

Briefing

11/01/2022

Generalised scheme of tariff preferences

PURPOSE: to propose a new EU Generalised System of Preferences (GSP) to promote sustainable development in low-income countries.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the GSP is one of the EU's main trade instruments to help developing countries integrate into the global economy, reduce poverty and foster sustainable development by promoting fundamental human and labour rights, environmental protection and good governance.

The EU offers three GSP arrangements:

(1) Standard GSP for low and lower-middle-income countries which are granted a partial or full removal of customs duties on two-thirds of tariff lines;

(2) GSP+, the special incentive arrangement for sustainable development and good governance which slashes tariffs to 0% for the same tariff lines as in the case of Standard GSP;

(3) EBA (Everything But Arms) for least developed countries which benefit from duty-free, quota-free access to the EU market for all products except arms and ammunition;

The current GSP framework is based on Regulation (EU) No 978/2012 of 25 October 2012. The current scheme applies until 31 December 2023. Unless a new regulation is adopted, the standard GSP and the GSP+ schemes shall cease to apply on 1 January 2024.

CONTENT: the proposal for a new GSP regulation aims to renew the GSP for a further ten years from 2024 to 2034.

While maintaining the current architecture of three schemes and the key features of the current regulation, namely poverty eradication and support for sustainable development and good governance, the proposed new regulation aims to improve the overall efficiency and effectiveness of the GSP to meet future challenges:

(1) facilitate access to the GSP+ arrangement to the growing number of LDCs that lose access to the EBA initiative: the proposal modifies the vulnerability (eligibility) criteria for GSP+ to allow countries that graduate from the LDC category to benefit from this arrangement;

(2) adjust product graduation thresholds to better focus preferences on less competitive products and countries: the Commission proposes to maintain product graduation only for the standard GSP, but to revise the product graduation thresholds. It also proposes to

maintain the current graduation method by section and decrease the product graduation thresholds by 10 percentage points;

(3) reflect the evolving priorities such as those underpinning the European Green Deal by extending negative conditionality also to environmental and good governance conventions: the proposal introduces the possibility of withdrawing GSP preferences in the event of serious and systematic violations of the principles enshrined in the climate change and environmental protection conventions;

(4) update the list of international conventions that must be respected by adding two additional human rights instruments, namely on the rights of persons with disabilities and on the rights of the child, two conventions on workers' rights, and a convention on governance relating to transnational organised crime;

(5) introduce a faster withdrawal procedure to provide for a specific instrument to address specific circumstances characterised by exceptionally grave violations and a need to react urgently. This also increases the effectiveness of the withdrawal by increasing pressure on beneficiaries to respond to identified concerns;

(6) enhance the monitoring and implementation of GSP+ commitments, for instance through increased transparency and participation of relevant stakeholders, including through the recently created Single Entry Point (SEP) mechanism for non-compliance related complaints.

Budgetary implications

The proposed Regulation does not incur costs charged to the EU budget. Its application does, however, entail loss of customs revenue. Based on the last available data (2019), these preferences represent under the proposed GSP Regulation a loss of revenue for the EU of EUR 2 977.6 million.

Generalised scheme of tariff preferences

The Committee on International Trade adopted the report by Heidi HAUTALA (Greens/EFA, FI) on the proposal for a regulation of the European Parliament and of the Council on applying a generalised scheme of tariff preferences and repealing Regulation (EU) No 978/2012 of the European Parliament and of the Council.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Mandatory action plan

Members supported the proposal for a mandatory action plan to be presented when applying the GSP+ regime and believe that this should be the main reference instrument for achieving the effective application of international conventions (i.e. the main UN/ILO conventions on human rights and labour rights, as well as the conventions on climate, environment and good governance principles).

The action plan is defined as a public forward-looking plan of action detailing priority-oriented list of measures to be taken which are considered necessary to effectively implement the relevant international conventions.

Members proposed to supplement the Plan of Action proposed by the Commission with further details, deadlines and a disclosure requirement. Furthermore, an advisory body consisting of stakeholders should be established to assist the Commission in assessing the Plans of Action and in the monitoring effort related to beneficiary country commitments.

Ratification of international conventions

In order to further contribute to sustainable development and poverty eradication under the GSP and EBA schemes, Members consider that it is essential to foster positive conditionality on international conventions by encouraging beneficiary countries of the standard GSP and EBA schemes to ratify the conventions.

The standard GSP arrangement should be granted to all those developing countries which share a common development need and are in a similar stage of economic development and which have committed to signing and ratifying the international conventions referred to in Annex VI. If these countries do not ratify the international conventions within five years of the application of the trade preferences, the scheme should be suspended.

In view of their economic vulnerability, EU assistance should provide targeted support to beneficiary countries to meet their commitments and obligations to ratify and implement international conventions under the GSP schemes.

Monitoring process

The report introduced more structure and detail into the monitoring process of GSP and EBA beneficiary countries. Continued and sustained progress towards ratification of the international conventions covered by the Regulation should be carefully monitored by the Commission.

Where compliance with the obligations set out in the Regulation seriously deteriorates, the Commission and the EEAS should intensify the dialogue with beneficiary countries. If the Commission considers that there is sufficient evidence that a beneficiary country is seriously and systematically violating the principles laid down in the international conventions, it should immediately initiate the temporary withdrawal procedure. Where violations are exceptionally serious, the Commission should activate the rapid reaction mechanism.

Regular dialogue

The Commission should maintain a regular dialogue with civil society representatives and stakeholders to discuss, monitor and evaluate the implementation of the Regulation, in particular with regard to binding commitments and action plans submitted in the context of GSP+ applications. Where appropriate, the Commission should adopt public procedures and deadlines for consultation with civil society and stakeholders.

In order to strengthen the dialogue between the EU institutions, the European Parliament should invite the Commission and, where appropriate, the Council, to appear before the competent committee to discuss in particular the list of issues describing the implementation and application of the Regulation and the need for temporary withdrawal of preferential arrangements.

Trade and sustainable development

Members consider that the GSP should be linked to EU development assistance to ensure coherence and improve the impact of the GSP on sustainable development.

In order to fully exploit GSP preferences, EU development assistance instruments should help beneficiaries to foster productive capacities, economic and export diversification, value-addition and inclusive sustainability, in order to help beneficiaries to mainstream the opportunities offered by GSP benefits into their national policies. Members believe that the GSP should provide additional incentives for trade in sustainable products.

The implementation of the GSP scheme should also be integrated into the current discussions on EU initiatives. The EU should engage with beneficiary countries to help them achieve and implement international social, environmental and human rights standards, while taking into account the level of development of the countries. Members drew attention to the fact that the GSP scheme has the potential to contribute positively to the employment and empowerment of women.

Withdrawal process

Withdrawal should be seen as the very last option. The report proposed to include an Enhanced Engagement process in the Regulation, with specific steps for avoiding a withdrawal scenario. It also proposed to bring additional clarity to the threshold for what constitutes a serious and systematic violation of the international conventions consequently leading to launching an investigation for withdrawal.

Product Graduation

Product graduation should not apply to GSP+ and EBA beneficiary countries.

Members stated that the Commission should monitor, in cooperation with stakeholders and civil society, the development and export potential of beneficiary countries that could potentially reach the Upper Middle-Income Status. This monitoring should aim to improve the targeting of sensitive products under the product graduation mechanism, provide clear recommendations on actions to improve export diversification and ensure that tariff preferences under GSP are withdrawn from competitive products in order to provide further opportunities in the EU market for the exports of countries most in need.

Transparency

Heidi				EEAS
HAUTALA Heidi	Rapporteur	INTA	12/03/2024	Belgian Permanent Representative to the European Union
HAUTALA Heidi	Rapporteur	INTA	01/02/2024	Irrawaddy Policy Exchange
HAUTALA Heidi	Rapporteur	INTA	04/12/2023	Confederation of Trade Unions Myanmar
HAUTALA Heidi	Rapporteur	INTA	29/11/2023	Civil Rights Defenders
CAÑAS Jordi	Shadow rapporteur	INTA	15/11/2023	Tamil Support Group
HAUTALA Heidi	Rapporteur	INTA	03/10/2023	Ambassador of Spain to the EU
SCHOLZ Helmut	Shadow rapporteur	INTA	29/06/2023	German Chamber of Commerce and Industry
HAUTALA Heidi	Rapporteur	INTA	27/06/2023	Embassy of Bangladesh
HAUTALA Heidi	Rapporteur	INTA	27/06/2023	Secretary of Trade and Industry of the Philippines