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PROPOSAL

from: European Commission

dated: 21 December 2007

Subject: Proposal for a Council Regulation applying a scheme of generalised tariff preferences for the period from 1 January 2009 to 31 December 2011 and amending Regulations (EC) No 552/97, No 1933/2006 and Commission Regulations (EC) No 964/2007 and No 1100/2006
- Commission Staff Working Document - Summary of Impact Assessment

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Javier SOLANA, Secretary-General/High Representative.

Encl.: SEC(2007) 1727



COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION STAFF WORKING DOCUMENT

Accompanying document to the

**Council Regulation applying a scheme of generalised tariff preferences for the years
2009-2011**

SUMMARY OF IMPACT ASSESSMENT

{COM(2007) 857 final}
{SEC(2007) 1726}

EXECUTIVE SUMMARY

The impact assessment concerns the revision of the Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences (GSP). The scheme of generalised tariff preferences is one of the key instruments to assist developing countries to reduce poverty by helping them to generate revenue through international trade.

Council Regulation (EC) No 980/2005 applying the GSP entered into force on the 1 January 2006 and expires on 31 December 2008. It will be followed by a further GSP Regulation to enable the continuation of the scheme.

On the 7 July 2004, following a wide and substantial debate, the Commission adopted a "Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee- - Developing countries, international trade and sustainable development: the function of the Community's generalised system of preferences for the ten year period from 2006-2015." The Communication indicated the basic objective and the new implementing instruments of the GSP schemes which would apply in the years 2006-2015, with the view to provide greater continuity and stabilise the GSP scheme, thereby making it more attractive to the beneficiary countries.

This impact assessment seeks to demonstrate that the original chief objective of the GSP scheme to contribute to the eradication of poverty and the promotion of sustainable development and good governance in the developing countries is still valid and remains applicable in the context of the preparation of the new draft GSP Council Regulation for the years 2009-2011. It also includes an assessment of the functioning of the various GSP implementation instruments set out in the June 2004 Commission Communication and incorporated first in the GSP Regulation 980/2005. These instruments were designed to help attain the GSP objective and were introduced on 1 January 2006. The assessment of the first year of their application shows that the different instruments have begun to serve the set objective; but the short period of application does not yet allow definitive conclusions to be drawn, and does not support further modifications of the scheme at this time.

Considering that the general objective of the GSP remains valid and that the implementation provisions for the years 2006-2015, as expressed in the Communication, are still binding, the new GSP Regulation would be therefore only a technical revision of the currently applied scheme without modifications of its provisions.

Consequently the substance of the GSP scheme for the years 2009-2011 will remain unchanged. The adaptations to be introduced result from normal implementation of the scheme, such as the review of the graduation system or the assessment of countries' eligibility for the scheme and its sub-arrangements. They focus on routine updating of the wording of the GSP Regulation.

This approach to the revision of the GSP Regulation renders the scheme more stable and predictable, as advocated by the users of the scheme and as announced in the 2004 Commission Communication. It would offer greater accessibility to traders, assure predictability of trading conditions and facilitate management of the scheme. This would benefit beneficiary countries, traders and administrations. The aim is to integrate the

beneficiary countries into the world trade system. For that they require a stable and predictable commercial and investment regime

This impact assessment has been prepared in accordance with the principle of 'proportionate analysis' as laid down in the Impact Assessment Guidelines of 15 June 2005 (section No5), which provides for a proportionate analysis in cases of a revision of existing EU legislation. The principal aim of this impact assessment is therefore to demonstrate, as outlined in section No 5 of the Impact Assessment Guidelines, that the existing GSP scheme's objective and its implementing instruments set out in the July 2004 Communication are still valid.