

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(94) 337 final

Brussels, 19.09.1994

94/ 0209(ACC)

94/ 0210(ACC)

Proposal for a

COUNCIL REGULATION (EC)

APPLYING A THREE-YEAR SCHEME OF GENERALIZED
TARIFF PREFERENCES (1995-97) IN RESPECT OF
CERTAIN INDUSTRIAL PRODUCTS ORIGINATING IN
DEVELOPING COUNTRIES

94/ 0209(ACC)

Proposal for a

COUNCIL REGULATION (EC)

EXTENDING INTO 1995 THE APPLICATION OF REGULATIONS (EEC)
No 3833/90, (EEC) No 3835/90 AND (EEC) No 3900/91 APPLYING
GENERALIZED
TARIFF PREFERENCES IN RESPECT OF CERTAIN AGRICULTURAL PRODUCTS
ORIGINATING IN DEVELOPING COUNTRIES

94/ 0210(ACC)

(presented by the Commission)

EXPLANATORY MEMORANDUM

Introduction

This proposal for a regulation translates into legislative form, namely a three-year GSP scheme, the principles set out in the Commission's communication of 1 June on the role of the GSP in the decade 1995-2004. In that communication the Commission noted that the GSP's role as a tool of development needed reinforcement, though it has traditionally been a commercial policy instrument under Article 113.

The Commission also pointed out that since there was legal uncertainty about the compatibility of present and future GSP provisions with the GATT enabling clause there was a need for informal soundings within the OECD, Unctad and the GATT with a view to examining the compatibility of the enabling clause and the principles governing the Unctad GSP system with the realities of world development and trade. The Commission can confirm that such soundings have begun and proposes to continue them throughout the process of adoption of the new scheme.

In view of the time needed to implement the tariffication in the agricultural, fisheries and processed agricultural products sectors resulting from the Uruguay Round, the Commission is proposing a one-year extension of the existing regulations for agricultural, fisheries and processed agricultural products subject to a number of specific improvements. All these products will be the subject in the course of 1995 of an additional proposal for a scheme in line with the new ten-year guidelines which will apply in 1996 and 1997.

Where industrial products are concerned, the proposal mirrors the guidelines the Commission suggested in its communication, the main points of which are outlined below:

Furthermore, as regards petroleum products, the Commission reserves the right to propose tariff suspension measures pursuant to Article 28 of the Treaty where such measures are necessitated by the Community's supply requirements.

1. Principle of neutrality

The new ten-year scheme assumes that the level of liberalization will be neutral overall compared with the existing scheme as regards the impact of the preferential margin on the potential volume of preferential trade.

In other words, it will not offer additional liberalization over and above that achieved under the Uruguay Round combined with the existing GSP, but nor will it attempt to claw back the Uruguay Round element.

The offer tops up this neutral base with special incentive arrangements providing supplementary preferences consistent with the Community's development aims. Thus, incentive arrangements constitute an additional offer in relation to the initial overall neutrality.

Surveillance will be used to ensure that these neutrality criteria are observed.

2. Simplification (tariffication)

Volume restrictions in the form of fixed amounts, tariff quotas or tariff ceilings are replaced by tariff modulation reflecting the sensitivity of different sectors (products or groups of products), as established in the light of the final outcome of the Uruguay Round in particular.

To this end three lists of products and product groups have been drawn up:

- sensitive products to which a preferential duty of 80% of the MFN duty is applied;
- semi-sensitive products to which a preferential duty of 40% of the MFN duty is applied;
- non-sensitive products that are fully exempt from duty.

3. Stability

The proposed scheme will run for three years.

4. Transparency

There will be a special product/country safeguard clause. It is based on the test of serious damage or threat of serious damage. A new committee will be set up to help administer it.

5. GSP graduation

Graduation involves transferring preferential margins from the better-off developing countries to the less developed ones.

As announced in the communication of 1 June, the Commission proposes to introduce sector/country graduation on the basis of relative specialization, coupled with a development weighting.

- . The development weighting of beneficiary countries is determined by a development index combining a country's per capita income and the level of its exports as compared with those of the Community.
- . Relative specialization is determined by a specialization index based on the ratio of a beneficiary country's share of total Community imports in general to its share of total Community imports in a given sector. The larger the sectoral proportion compared with the general proportion, the greater the specialization.

By combining both criteria it is possible to adjust the crude results of the specialization index in terms of the sectors to be excluded in line with the level of development.

6. Solidarity mechanism

The sector/country graduation system is therefore supplemented by a "solidarity mechanism" applicable in exceptional circumstances, when beneficiary countries whose exports of products covered by the GSP in a given sector exceed 25% of all beneficiaries' exports of those products in that sector will be excluded from GSP entitlement for that sector irrespective of their level of development.

7. Phasing in the graduation and solidarity provisions

The new provisions will be phased in gradually to allow traders in the countries concerned and in the Community time to adjust to the new GSP offer and thus keep within the framework of overall neutrality. This means that, where the countries have a per-capita GNP of more than USD 6 000, the sectors/countries concerned will be offered 100% of their normal preferential margin in the first year, 50% in the second year, and no margin in the third. Countries with a per-capita GNP of less than USD 6 000 will be offered 100% of their margin in the first two years and 50% in the third year; the margin will be discontinued as from 1 January 1998.

The solidarity mechanism will not be applied in 1995 but will be applied in full in 1996.

At any rate, application of the abovementioned mechanisms may not result in granting to the countries concerned a level of preferential access which is more favourable than that applied in 1993. In 1996 preferences will be limited to half the margin applied in 1995 for the countries listed in Annex VII.

8. Suspension of the GSP

The behaviour of beneficiary countries may sometimes provide grounds for the withdrawal (total or partial) of preferences on a scale commensurate with the seriousness of the problem. The following cases would lead to suspension:

- fraud or failure to provide administrative cooperation;
- unfair trading practices, including discrimination against the Community;
- practice of any form of forced labour;
- export of goods made by prison labour;
- inadequate controls on the export or transit of drugs (illicit substances or precursors) or on money laundering;
- failure to comply with obligations entered into in the Uruguay Round to meet agreed market-access objectives.

Withdrawal would not be automatic but would follow "hearings",

9. Special Incentives

The Commission is proposing that the general GSP regime be supplemented by special incentive arrangements in response to social and environment concerns.

So that beneficiaries can gradually gear their own development policies to the requirements of social progress and protection of the environment and thus ready themselves to derive the full benefit of the incentives, the arrangements will not come into force until the new scheme has been operating for two years, unless consensus is reached in the framework of the informal consultations referred to earlier to bring forward their application.

The special incentives will take the form of an additional 20% margin (30% for cumulation of the two clauses) offered to all countries submitting a reasoned request and affirming that they observe certain internationally recognized standards.

The incentive arrangements will operate entirely on the basis of a product-certification system. Preferences will not be granted unless the products are certified by the exporting country to have been manufactured in accordance with production methods and in conditions conforming to certain internationally recognized standards or criteria. The veracity of

the certificates would be checked by means of administrative cooperation with the exporting countries on the lines of that for controls on origin.

A. The social clause

This refers to internationally recognized labour standards, i.e. ILO conventions.

The additional incentives available under the social clause will be made conditional on genuine implementation of the principles enshrined in these conventions.

The incentive social clause will be used not only to promote the right to organize and the right to collective bargaining but also to counter child labour as a practice directly linked to under-development.

B. The environment clause

This incentive clause will be used to promote products or production methods internationally approved as consistent with the objectives set out in international conventions on the environment (e.g. on the ozone layer, climate and biodiversity) and in Agenda 21.

The environment clause will initially be confined to tropical wood products, one sector in which international criteria have already been developed, and will refer to the criteria laid down by the ITTO for sustainable forest management.

C. Intellectual property

The Commission will propose the insertion of an intellectual property clause in the scheme which will enter into force on 1 January 1998.

10. Drugs

The Commission proposes that the special arrangements aimed at the fight against drugs should be continued for the Andean countries and extended to Venezuela, provided the countries concerned continue for their part to combat drugs and results are achieved. Progress should be monitored by evaluation and dialogue, via a suitable procedure to be established between the countries concerned and the Commission.

As for agricultural, fisheries and processed agricultural products, for the Andean and Central American countries the Commission proposes prolongation of the existing regulations for one year, pending the start of the new agricultural scheme, and their extension to Venezuela except in respect of fisheries products.

11. List of beneficiaries

As explained in its communication, the Commission is not proposing to make any changes to the list of current beneficiaries for at least three years, including, as an interim arrangement, the countries of the former USSR until any free-trade agreement with them comes into force, and provided they undertake to open their markets to developing-country exports.

South Africa is included in the list on the same conditions as other beneficiaries.

CONCLUSIONS

The Commission proposes that the Council adopt this proposal by 15 October so that the new scheme may be published early enough to allow traders and officials to acquaint themselves with the arrangements before the scheme's entry into force on 1 January 1995.

PROPOSAL FOR A COUNCIL (EC) REGULATION No ...
APPLYING A THREE-YEAR SCHEME OF GENERALIZED
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CERTAIN INDUSTRIAL PRODUCTS ORIGINATING IN
DEVELOPING COUNTRIES

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,¹

Having regard to the opinion of the Economic and Social Committee,²

Whereas, in accordance with its offer made within the context of the United Nations Conference on Trade and Development (UNCTAD), the European Community opened generalized tariff preferences commencing in 1971 in respect, inter alia, of finished and semi-finished industrial products from developing countries; whereas the initial ten-year period of application of such preferences ended on 31 December 1980 and a second ten-year period ended on 31 December 1990, though the scheme has been kept in being unchanged until now;

Whereas the positive role played by this system in improving access for the developing countries to the markets of preference-giving countries is accepted and justifies its continued existence for a time, in step with other important measures including the multilateral liberalization of trade;

Whereas in Communications to the Council dated 6 July 1990 and 1 July 1994 the Commission set out its recommendations for a further ten-year period of application of its scheme of generalized preferences;

Whereas preferential imports have grown substantially since the previous decade but the distribution of gains is still uneven despite the adoption of a policy of differentiation in the 1980s;

Whereas the Treaty on European Union has lent a fresh impetus to Community development policy as an aspect of the Union's foreign policy, with priority given to the sustainable economic and social development of the developing countries and their smooth and gradual integration into the world economy;

Whereas the Community scheme of generalized preferences should accordingly become more development-oriented, focusing on the countries which have most need of it, i.e. the poorest countries, and serving a broad-based concept of development which incorporates social progress and environmental concerns and has a basis in coherent economic strategy; whereas the scheme

1 OJ No L... of, P...
2 OJ No L ...of.....,P...

should be complementary to GATT instruments and should foster the integration of developing countries into the world economy and the multilateral trading system; whereas the giving of preferences should therefore be seen as a transitional measure, to be used at need and phased out when the need is considered no longer to exist;

Whereas the new offer aims at a level of liberalization which is neutral overall compared with the existing scheme as regards the impact of the preferential margin on the potential volume of preferential trade; whereas special incentive arrangements will constitute an element additional to the basic offer;

Whereas the new offer must also take account of certain sectors or products which are sensitive for Community industry; whereas sensitive sectors should be protected against import surges solely by a dual mechanism involving a modulation of preferential tariff margins coupled with an emergency safeguard clause; whereas this system will replace the machinery of fixed duty-free amounts and ceilings;

Whereas in order to improve access to the Community market and increase the actual take-up of preferences by moderately-developed or less-developed LDCs, a system of graduation should be used to transfer preferential margins gradually from advanced to less-developed LDCs;

Whereas graduation should be applied sensibly and gradually, by country and sector;

Whereas sector/country graduation combines a development criterion, expressed as a development index reflecting a country's per capita income and the level of its manufactured exports as compared with those of the Community, with a measurement of relative industrial specialization expressed as a specialization index based on the ratio of the beneficiary country's share of total Community imports in general to its share of total Community imports in a given sector; whereas combined application of these two criteria should make it possible to adjust the crude results of the specialization index, in terms of the sectors to be excluded, in line with the level of development;

Whereas the sector/country graduation system should be supplemented by a solidarity mechanism applicable in exceptional circumstances, when beneficiary countries whose exports of products covered by the GSP in a given sector exceed 25% of all beneficiaries' exports of those products in that sector would be excluded from GSP entitlement for that sector irrespective of their level of development;

Whereas countries undertaking effective programmes to combat drug production and trafficking should, however, remain entitled to the more favourable arrangements granted them under the previous scheme; whereas the countries concerned, plus Venezuela, will therefore continue to enjoy duty-free access provided they continue their efforts to combat drugs;

Whereas provision should also be made for special types of assistance additional to the general preferential scheme aimed at supporting the introduction of forward-looking social or environmental policies in moderately-advanced developing countries;

Whereas beneficiary countries which so desire and which still do not have the means of meeting the costs should be encouraged to introduce effective policies for the protection of workers' rights, with particular regard to the right to organize and prohibition of child labour; whereas special arrangements should therefore be established for products manufactured in conditions conforming to standards laid down by the ILO in countries whose legislation contains rules of similar scope and substance which are actually applied;

Whereas beneficiary countries should also be encouraged to undertake effective environmental protection policies, by means of incentives for products and production methods internationally approved as consistent with the objectives set out in international conventions on the environment and in Agenda 21; whereas to that end special incentive arrangements should initially be introduced for tropical wood products from forests which are sustainably managed in conformity with ITTO standards;

Whereas the special incentive arrangements take the form of an additional preferential margin; whereas they would operate on the basis of a system of certification by beneficiary-country authorities that the goods conformed to the appropriate international standards, backed up by administrative cooperation methods similar to those used for the verification of origin;

Whereas in certain circumstances it might be appropriate to withdraw temporarily some or all of a country's preferential entitlement, for instance where that country's legislation provided for discrimination against the Community or it failed to apply the administrative cooperation methods on which the operation of the scheme is based; whereas this should also apply to any form of forced labour, exports of goods made by prison labour, inadequate controls on export or transit of drugs or money laundering, and failure to comply with obligations entered into in the Uruguay Round to meet agreed market-access objectives;

Whereas temporary withdrawal of entitlement would be the culmination of a procedure enabling all interested parties to make known their point of view;

Whereas it would be illogical to accord preferences in respect of products subject to anti-dumping or anti-subsidy measures, where such measures fail to reflect the impact of the preferential arrangements;

Whereas provision should be made for temporary withdrawal of preference where imports of a given product originating in a beneficiary country cause

or threaten to cause serious damage to Community producers of like or competing products;

Whereas detailed statistics should be compiled on imports under this Regulation and should be collected, processed and transmitted in accordance with Council Regulations (EEC) Nos 1736/75² and 3367/87;³

Whereas matters relating to the application and management of the scheme should be referred for consideration to a Committee for the Management of Generalized Preferences,

HAS ADOPTED THIS REGULATION:

Article 1

1. A Community scheme of generalized tariff preferences is hereby established for the period 1 January 1995 to 31 December 1997, to apply in accordance with this Regulation. It comprises general arrangements (Title I) and special incentive arrangements (Title II).

2. This Regulation shall apply to products falling within Chapters 25 to 97 of the common customs tariff listed in Annex I.

3. Access to the arrangements referred to in paragraph 1 shall be restricted to the countries and territories listed in Annex III.

4. In order to be admitted under one of the preferential arrangements established by this Regulation, products must comply with a definition of origin adopted in accordance with the procedure laid down in Article 249 of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code.⁴

TITLE 1

General arrangements

Article 2

1. The preferential duty applying to products listed in Part 1 of Annex I shall be 80% of the common customs tariff duty applicable to the product concerned, without prejudice to Article 5 of this Regulation.

2. The preferential duty applying to products listed in Part 2 of Annex I shall be 40% of the common customs tariff duty applicable to the product concerned, without prejudice to Article 5 of this Regulation.

3. Common customs tariff duties shall be suspended in their entirety on products listed in Part 3 of Annex I.

2 OJ No L 183, 14.7.1975, p. 3.

3 OJ No L 321, 11.11.1987, p. 3.

4 OJ No L 253, 11.10.1993, p. 1.

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Article 3

1. Common customs duties shall be suspended in their entirety on products covered by this scheme for the least developed countries listed in Annex IV.
2. They shall be suspended in their entirety for those countries listed in Annex V which are conducting a campaign to combat drugs, without prejudice to the procedure described in Article 18(3).

Article 4

1. A system of graduation and a solidarity mechanism shall be set up.
2. The mechanisms described in paragraphs 3 and 4 shall apply to countries and sectors meeting the conditions set out in Part 2 of Annex II.
3. Without prejudice to Article 5, and subject to paragraphs 4, 5 and 6 below, the preferential margin obtained by applying Article 2 to imports of products originating in the countries and falling within the sectors listed in part 1 of Annex II shall be reduced by 50% on 1 January 1996 and abolished on 1 January 1997 for countries whose GNP per inhabitant is greater than USD 6 000 for 1991 (according to World Bank data) and which are listed in Annex VII. It shall be reduced by 50% on 1 January 1997 for countries not listed in Annex VII.
4. For the countries and sectors to which the solidarity mechanism is applied, the preferential margin resulting from the application of Article 2 shall be abolished on 1 January 1996.
5. At any rate, application of the system described in this Article may not result in granting to the countries concerned a level of preferential access which is more favourable than that applied in 1993. In 1996 preferences shall be limited to half the margin applied in 1995 for the countries listed in Annex VII.
6. Products coming under the ECSC Treaty shall remain excluded from the preferential arrangements in the case of countries which did not qualify in 1994.

TITLE II

Special incentive arrangements

Article 5

Preferential duties shall apply in accordance with the following Articles under special incentive arrangements available for countries which submit a written request to that effect to the Commission in advance. The said arrangements shall apply from 1 January 1997.

Article 6

Article 5 shall apply to products originating in countries which have adopted and actually apply domestic legal provisions incorporating the content of the standards in International Labour Organization Conventions No 87 concerning Freedom of Association and Protection of the Right to

Organize, No 98 concerning the Application of the Principles of the Right to Organize and to Bargain Collectively, and No 138 concerning Minimum Age for Admission to Employment.

Article 7

Article 5 shall also apply to products listed in Annex VI manufactured from tropical wood and originating in countries which have adopted and actually apply domestic legal provisions incorporating the content of International Tropical Timber Organization standards concerning sustainable forest management.

Article 8

1. The arrangements referred to in Article 5 shall take the form of an additional preference accorded exclusively to products accompanied by a certificate of origin Form A on which the authorities in the country of origin have entered a statement certifying that these products have been manufactured in conditions conforming to the standards referred to in Article 6 or Article 7.

2. The rules for verification of certificates of origin Form A laid down in Articles 78 to 97 of Commission Regulation (EEC) No 2454/93⁵ shall apply mutatis mutandis to the certification referred to in paragraph 1. However, without prejudice to the application of Article 249 of Regulation (EEC) No 2913/92, matters relating to application of the standards referred to in Articles 6 and 7 may be examined by the Committee referred to in Article 17.

3. The additional preference shall take the form of a reduction of the duty applicable, calculated in accordance with the following rules:

- for the sectors referred to in Article 4 the preferential duty applicable shall be set at 80% of the common customs tariff duty where the beneficiary country has given commitments under Article 6 or Article 7 and at 70% where it has given commitments under both Articles together;
- for products referred to in Article 2(1), the preferential duty shall be set at 60% of the common customs tariff duty where the beneficiary country has given commitments under Article 6 or Article 7 and at 50% where it has given commitments under both Articles together;
- for products referred to in Article 2(2), the preferential duty shall be set at 20% of the common customs tariff duty where the beneficiary country has given commitments under Article 6 or Article 7 and at 10% where it has given commitments under both Articles together.

However, the additional preference under Article 6, in the sectors referred to in Article 4, shall not apply to the countries listed in Annex VII.

TITLE III

Total or partial temporary withdrawal of the scheme of
generalized preferences

Article 9

1. The arrangements provided for by this Regulation may at any time be temporarily withdrawn, wholly or partially, in the following circumstances:

- fraud or failure to provide administrative cooperation as required for the verification of certificates of origin Form A and the statements

⁵ OJ No L 253, 11.10.1993, p. 1.

thereon, or existence of a situation preventing the proper implementation of such cooperation;

- unfair trading practices on the part of a beneficiary country, including discrimination against the Community and failure to comply with obligations under the Uruguay Round to meet agreed market-access objectives;
- practice of any form of forced labour as defined in the Geneva conventions of 25 September 1926 and 7 September 1956 and ILO conventions No 29 and No 105;
- export of goods made by prison labour;
- inadequate controls on export or transit of drugs (illicit substances or precursors), or money laundering.

2. Temporary withdrawal shall not be automatic but shall follow the procedural requirements of the following Articles.

Article 10

1. The circumstances referred to in Article 9 which might make it necessary to resort to temporary withdrawal of preferences shall be brought to the Commission's attention by the Member States, or by any natural or legal persons, or associations not endowed with legal personality, which can show an interest in such withdrawal. The Commission shall communicate the information immediately to all Member States.

2. Consultations may be initiated either at the request of a Member State or at the Commission's request. They shall take place within eight working days of receipt by the Commission of the information referred to in paragraph 1 and in any event shall be held before adoption of any Community measures withdrawing preferences.

3. The consultations shall take place in the Committee referred to in Article 17, which shall be convened by its chairman who shall, in addition, communicate all pertinent information to the Member States as soon as possible.

4. The consultations shall be concerned inter alia with analysis of the circumstances referred to in Article 9 and the measures to be taken.

Article 11

1. Where the Commission finds, following the consultations, that there is sufficient evidence to justify initiation of an investigation, it shall:

- (a) announce the initiation of an investigation in the Official Journal of the European Communities; such announcement shall give a summary of the information received and state that all relevant information is to be communicated to the Commission, indicating the period within which interested parties may make known their views in writing;
- (b) commence the investigation in cooperation with the Member States.

2. The Commission shall seek all information it deems to be necessary and shall, where it considers this appropriate, after consulting the Committee referred to in Article 17, verify the information with economic operators and the competent authorities of the beneficiary country concerned. For this purpose the Commission may dispatch its own experts to establish on the spot the truth of the allegations made by the person referred to in Article 10(1). The Commission shall provide the competent authorities of the beneficiary country concerned every opportunity to cooperate as necessary in the conduct of these enquiries.

3. The Commission may also be assisted by officials of the Member State on whose territory verification might be sought, if the said Member State so requests.

4. The Commission may hear the interested parties. It shall so hear them if they have, within the period prescribed in the notice published in the Official Journal of the European Communities, made a written request for a hearing showing that they are likely to be affected by the result of the investigation and that there are particular reasons why they should be heard orally.

5. Where information requested by the Commission is not provided within a reasonable period or the investigation is significantly impeded, findings may be made on the basis of the facts available.

Article 12

1. When the investigation is complete the Commission shall report the findings to the Committee referred to in Article 17.

2. If the Commission considers temporary withdrawal of preference to be unnecessary, it shall publish in the Official Journal of the European Communities, after consulting the Committee, a notice of termination of the investigation setting out its main conclusions.

3. If the Commission considers temporary withdrawal of preference to be necessary, it shall take the appropriate decision on the basis of Article 9. The temporary withdrawal shall last for one year and shall be renewed unless it can be shown that the facts which led to adoption of the measure no longer obtain. The temporary withdrawal measure shall be published in the Official Journal of the European Communities.

Article 13

Where products covered by the scheme are subject to anti-dumping or anti-subsidy duties under Council Regulation (EEC) No 2423/88⁶ which have been calculated on the basis of the injury caused and according to the prices charged on the internal market, preference shall not be granted to those products from the countries concerned unless it can be shown that the said duties were based on a price reflecting the preferential tariff arrangements granted to the country concerned. The Commission shall publish a list of products and countries affected by such measures in the Official Journal of the European Communities.

⁶ OJ No L 209, 2.8.1988, p. 1.

Article 14

1. Where a product originating in one of the countries listed in Annex III is imported on terms which cause or threaten to cause serious difficulties to a Community producer of like or directly competing products, common customs tariff duties may be reintroduced on that product at any time at the request of a Member State or on the Commission's own initiative.

2. The Commission shall announce the opening of an investigation in the Official Journal of the European Communities. The announcement shall provide a summary of the information received and state that any useful information should be communicated to the Commission; it shall specify the time limit within which interested parties may make their views known in writing.

3. In examining the possible existence of serious difficulties the Commission shall take account inter alia of the factors listed in Annex VIII where the information is available.

4. The Commission shall take the decisions referred to above within 30 working days following consultation of the Committee set up by Article 17. A Member State may refer the Commission's decision to the Council within a week. The Council, acting by a qualified majority, shall have one month within which to adopt a different decision.

5. The beneficiary countries concerned shall be informed of such measures before the said measures become effective.

6. Nothing in paragraphs 1 to 3 shall affect the application of safeguard clauses adopted as part of the common agricultural policy under Article 43 of the Treaty or as part of the common commercial policy under Article 113 of the Treaty, or any other safeguard clauses which may be applied.

TITLE IV

Common provisions

Article 15

1. Subject to paragraph 2, rates of preferential duty calculated in

accordance with this Regulation shall be rounded up or down to the first decimal place.

2. Where the application of paragraph 1 results in a rate of preferential duty of 0.5% or less, the preferential rate shall be considered a full exemption.

3. Changes to Annex I or Annex II made necessary by amendments to the Combined Nomenclature shall be adopted in accordance with the procedure laid down in Article 19.

Article 16

Within six weeks of the end of each quarter the Member States shall send the Statistical Office of the European Communities their statistical data on goods admitted for free circulation during that quarter under the tariff preferences provided for in this Regulation. The said data, supplied by

reference to Combined Nomenclature codes and, where applicable, Taric codes, shall show values, quantities and any supplementary units required in accordance with the definitions in Regulations (EEC) No 1736/75⁷ and No 3367/87,⁸ broken down by country of origin.

Article 17

1. A Committee for the Management of Generalized Preferences, hereinafter referred to as "the Committee", is hereby set up. It shall consist of representatives of the Member States and shall be chaired by a representative of the Commission.

2. The Committee shall adopt its rules of procedure.

Article 18

1. The Committee may examine any matter relating to the application of this Regulation which is raised by its chairman either on his own initiative or at the request of a Member State's representative.

2. On the basis of an annual report from the Commission it shall examine the extent to which the principle of neutrality of the effects of this scheme has been observed and any steps being considered by the Commission in accordance with the procedure described in Article 19 to ensure proper observance thereof.

3. It shall also examine, on the basis of an annual report from the Commission, the progress made by the countries listed in Annex V in the fight against drugs and, if progress is insufficient, any measures which the Commission is considering taking in accordance with the procedure provided for in Article 19 and in consultation with the country concerned to suspend, wholly or partly, the application of Article 3.

Article 19

1. The Commission representative shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty. The chairman shall not vote.

2. (a) The Commission shall adopt the measures envisaged if they are in accordance with the opinion of the Committee, or if no opinion is delivered, the Commission shall, without delay, submit to the Council a proposal relating to the measures to be taken. The Council shall act by a qualified majority.

(b) If the measures envisaged are not in accordance with the opinion of the Committee, or if no opinion is delivered, the Commission shall, without delay, submit to the Council a proposal relating to the measures to be taken. The Council shall act by a qualified majority.

(c) If, within three months of the referral to the Council, the Council has not acted, the proposed measures shall be adopted by the Commission.

⁷ OJ No L 183, 14.7.1975, p. 3.

⁸ OJ No L 321, 11.11.1987, p. 3.

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Article 20

This Regulation shall enter into force on 1 January 1995 and shall be applicable for three years.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

ANNEX I

Products sensitivity categories

Part 1

Sensitive products

CN code	Description of goods
2805 21 00	Calcium
2814	Ammonia, anhydrous or in aqueous solution
2815	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); proxides of sodium or potassium
2817	Zinc oxide; zinc peroxide
2818	Artificial corundum, whether or not chemically defined; aluminium oxide; aluminium hydroxide
2819	Chromium oxides and hydroxides
2823	Titanium oxides
2825 80 00	Antimony oxides
2827 10 00	Ammonium chloride
2827 60 00	Iodides and iodide oxides
2830 10 00	Sodium sulphides
2831	Dithionites and sulphonylates
2835	Phosphinates (hypophosphites), phosphonates (phosphites), phosphates and polyphosphates
2836 20 00	Sodium carbonate
2836 60 00	Barium carbonate
2841 60 10	Potassium permanganate
2849 20 00	Carbides of silicon
2849 90 30	Carbides of tungsten
2850 00 70	Silicides
2902 50 00	Styrene
2903	Halogenated derivatives of hydrocarbons
ex 2905	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives, excluding product numbers 2905 43 and 2905 44
2907 15 00	Naphtols and their salts
2907 22 10	Hydroquinone (quinol)
2909	Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulphonated, nitrated or nitrosated derivatives
2912 41 00	Vanillin (4-hydroxy-3-methoxybenzaldehyde)
2914 11 00	Acetone
2914 21 00	Camphor
2915	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives
2916 12 00	Esters of acrylic acid
2916 39 00	Other aromatic monocarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their derivatives; other than benzoic acids, benzoyl peroxides and benzoyl chloride, phenylacetic acid
2917 11 00	Oxalic acid its salts and esters
2917 36 00	Terephthalic acid and its salts
2918 14 00	Citric acid
2918 15 00	Salts and esters of citric acid
2918 22 00	O-Acetylsalicylic acid, its salts and esters
2921	Amine-function compounds
2922	Oxygen-function amino-compounds
2923 10 10	Choline chloride
2924 29 30	Paracetamol (INN)
2926 10 00	Acrylonitrile
2930 90 10	Cysteine, cystine and their derivatives
2932 21 00	Coumarin, methylcoumarins and ethylcoumarins
2933 61 00	Melamine
2935	Sulphonamides
3001 90 91	Heparin and its salts
3102	Mineral or chemical fertilizers, nitrogenous
3103	Mineral or chemical fertilizers, phosphatic
3105	Mineral or chemical fertilizers containing two or three of the fertilizing elements nitrogen, phosphorus and potassium; other fertilizers; goods of this chapter in tablets or similar forms or in packages of a gross weight not exceeding 10 kg
3206	Other colouring matter; preparations as specified in note 3 to this chapter, other than those of heading No 3203, 3204 or 3205; inorganic products of a kind used as luminophores, whether or not chemically defined
3501	Casein, caseinates and other casein derivatives; casein glues
3503	Gelatin (including gelatin in rectangular (including square) sheets, whether or not surface-worked or coloured) and gelatin derivatives; isinglass; other glues of animal origin, excluding casein glues of heading No 3501
3802	Activated carbon; activated natural mineral products; animal black, including spent animal black

Part 1 (cont'd)

CN code	Description of goods
3817	Mixed alkylbenzenes and mixed alkylnaphthalenes, other than those of heading No 2707 or 2902
3901	Polymers of ethylene, in primary forms
3902	Polymers of propylene or other olefins, in primary forms
3903	Polymers of styrene, in primary forms
3904	Polymers of vinyl chloride or of other halogenated olefins, in primary forms
3907 60 00	Polyethylene terephthalate
3907 99 00	Other polyesters, other than unsaturated
3920	Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials
3921 90 19	Other plates, sheets, film, foil and strip: other of polyesters, other than corrugated sheets and plates
4011	New pneumatic tyres, of rubber
4012	Retreated or used pneumatic tyres of rubber; solid or cushion tyres, interchangeable tyre treads and tyre flaps, of rubber
4013	Inner tubes, of rubber
CHAPTER 41	Raw hides and skins (other than furskins) and leather
4203	Articles of apparel and clothing accessories, of leather or of composition leather
4601 99 10	Other manufactures of plaits or similar products of subheading 4601 10
4602 90 10	Basketwork, wickerwork and other articles, made directly to shape from plaiting materials
4602 90 90	Other basketwork, wickerwork and other articles
4903	Children's picture, drawing or colouring books
4908	Transfers (decalcomanias)
4905 10	Globes
4909	Printed or illustrated postcards; printed cards bearing personal greetings, messages or announcements, whether or not illustrated, with or without envelopes or trimmings
4910	Calendars of any kind, printed, including calendar blocks
4911	Other printed matter, including printed pictures and photographs
CHAPTER 50	Silk
CHAPTER 51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric
CHAPTER 52	Cotton
CHAPTER 53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn
CHAPTER 54	Man-made filaments
CHAPTER 55	Man-made staple fibres
CHAPTER 56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof
CHAPTER 57	Carpets and other textile floor coverings
CHAPTER 58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery
CHAPTER 59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use
CHAPTER 60	Knitted or crocheted fabrics
CHAPTER 61	Articles of apparel and clothing accessories, knitted or crocheted
CHAPTER 62	Articles of apparel and clothing accessories, not knitted or crocheted
CHAPTER 63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags
CHAPTER 64	Footwear, gaiters and the like; parts of such articles
6907	Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing
6908	Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, whether or not on a backing
6911	Tableware, kitchenware, other household articles and toilet articles, of porcelain or china
6912	Ceramic tableware, kitchenware, other household articles and toilet articles, other than of porcelain or china
6913	Statuettes and other ornamental ceramic articles
7013	Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading No 7010 or 7018)
7019	Glass fibres (including glass wool) and articles thereof (for example, yarn, woven fabrics)
7202	Ferro-alloys
7312	Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated
CHAPTER 74	Copper and articles thereof
CHAPTER 76	Aluminium and articles thereof
8102 93 00	Wire
8104 11 00	Containing at least 99,8% by weight of magnesium

Part 1 (cont'd)

CN code	Description of goods
8108 10	Unwrought titanium; waste and scrap; powders
8108 90 30	Bars, rods, profiles and wire
8108 90 50	Plates, sheets, strip and foil
8108 90 70	Tubes and pipes
8108 90 00	Other articles of titanium
8109 10 10	Unwrought zirconium; powder
8109 90 00	Other articles of zirconium
8112 30 90	Germanium, other than unwrought; waste and scrap; powders
8112 99 30	Niobium (colombium); rhenium
8401	Nuclear reactors; fuel elements (cartridges), non-irradiated, for nuclear reactors; machinery and apparatus for isotopic separation
8410	Hydraulic turbines, water wheels, and regulators thereof
8411	Turbo-jets, turbo-propellers and other gas turbines
8427	Fork-lift trucks; other works trucks fitted with lifting or handling equipment
8452	Sewing machines, other than book-sewing machines of heading No 8440; furniture, bases and covers specially designed for sewing machines; sewing machine needles
8482	Ball or roller bearings
8483	Transmission shafts (including cam shafts and crank shafts) and cranks; bearings housings and plain shaft bearings; gears and gearing; ball screws; gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints)
8509	Electro-mechanical domestic appliances, with self-contained electric motor
8516 29 91	Other radiators, with built-in fan
8516 31	Hair dryers
8516 40	Electric smoothing irons
8516 50	Microwave ovens
8516 60 70	Grillers and roasters
8516 71 00	Coffee or tea makers
8516 72 00	Toasters
8516 79 80	Other electro-thermic appliances, other than plate warmers or deep fat fryers
8519	Turnables (record-decks), record-players, cassette-players and other sound reproducing apparatus, not incorporating a sound recording device
8520	Magnetic tape recorders and other sound recording apparatus, whether or not incorporating a sound reproducing device
8521	Video recording or reproducing, apparatus, whether or not incorporating a video turner
8522	Parts and accessories of apparatus of heading Nos 8519 to 8521
8523	Prepared unrecorded media for sound recording or similar recording of other phenomena, other than products of Chapter 37
8524	Records, tapes and other recorded media for sound or other similarly recorded phenomena, including matrices and masters for the production of records, but excluding products of Chapter 37
8527	Reception apparatus for radio-telephony, radio-telegraphy or radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock
8528	Television receivers (including video monitors and video projectors), whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus
8529	Parts suitable for use solely or principally with the apparatus of heading No 8525 or 8528
8531	Electric sound or visual signalling apparatus (for example, bells, sirens, indicator panels, burglar or fire alarms), other than those of heading No 8512 or 8530
8540	Thermionic, cold cathode or photocathode valves and tubes (for example, vacuum or vapour or gas filled valves and tubes, mercury arc rectifying valves and tubes, cathode-ray tubes, television camera tubes)
8541	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovalvic cells whether or not assembled in modules or made up into panels; light-emitting diodes; mounted piezo-electric crystals
8542	Electronic integrated circuits and microassemblies
8702	Motor vehicles for the transport of ten persons or more, including the driver
8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading No 8702), including station wagons and racing cars
8704	Motor vehicles for the transport of goods
8706	Chassis fitted with engines, for the motor vehicles of heading No 8701 to 8705
8707	Bodies (including cabs), for the motor vehicles of heading Nos 8701 to 8705
8708	Parts and accessories of the motor vehicles of heading Nos 8701 to 8705

Part 1 (cont'd)

CN code	Description of goods
8709	Works trucks, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dock areas or airports for short distance transport of goods; tractors of the type used on railway station platforms; parts of the foregoing vehicles
8711	Motor-cycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars
8712	Bicycles and other cycles (including delivery tricycles), not motorized
9009	Photocopying apparatus incorporating an optical system or of the contact type and thermo-copying apparatus
9013	Liquid crystal devices not constituting articles provided for more specifically in other headings; lasers, other than laser diodes; other optical appliances and instruments, not specified or included elsewhere in this chapter
9101	Wrist-watches, pocket-watches and other watches, including stop-watches, with case of precious metal or of metal clad with precious metal
9103	Clocks with watch movements, excluding clocks of heading N° 9104
9105	Other clocks
9201 10	Upright pianos
9201 20	Grand pianos
9201 90	Other pianos

Part 2

Semi-sensitive products

CN code	Description of goods
2804 70 00	Phosphorus
2805 30	Rare-earth metals, scandium and yttrium, whether or not intermixed or interalloyed
2825 10 00	Hydrazine and hydroxylamine and their inorganic salts
2827 32 00	Aluminium chloride
2834 10 00	Nitrites
2904 20	Derivatives containing only nitro or only nitroso groups
2914 22 00	Cyclohexanone and methylcyclohexanones
2916 11 10	Acrylic acid
2916 14 00	Esters of methacrylic acid
2917 12 10	Adipic acid, and its salts
2917 14 00	Maleic anhydride
2917 32 00	Diethyl orthophthalates
2917 35 00	Phthalic anhydride
2917 37 00	Dimethyl terephthalate
2918 21 00	Salicylic acid and its salts
2918 29 10	Sulphosalicylic acids, hydroxynaphtholic acids; their salts and esters
2924 10 00	Acyclic amides (including acyclic carbamates) and their derivatives; salts thereof
2924 21 00	Ureines and their derivatives; salts thereof
2924 29 90	Other carboxamide-function compounds
2927	Diazo-, azo- or azoxy-compounds
2929 10 00	Isocyanates
2930 40 00	Methionine
2930 90 80	Other organo-sulphur compounds
2936 25 00	Vitamin B ₆ and its derivatives
2936 27 00	Vitamin C and its derivatives
2939 21 90	Other alkaloids of cinchona, other than quinine and quinine sulphate
2939 29 00	Alkaloids of cinchona and their derivatives; salts thereof : other than quinine and its salts
2939 90 90	Other vegetable alkaloids, other than cocaine and emetine
2940 00 90	Sugars, chemically pure, other than sucrose, lactose, maltose, glucose and fructose; sugar ethers and sugar esters, and their salts, other than products of heading No 2937, 2938 or 2939, other than rhamnose, raffinose and mannose
3104	Mineral or chemical fertilizers, potassic
3204	Synthetic organic colouring matter, whether or not chemically defined; preparations as specified in note 3 to this chapter based on synthetic organic colouring matter, synthetic organic products of a kind used as fluorescent brightening agents or as luminophores, whether or not chemically defined
3507	Enzymes; prepared enzymes not elsewhere specified or included
3906 10 00	Polymethyl methacrylate
3907 10 00	Polyacetals
3908	Polyamides in primary form
4010	Conveyor or transmission belts or belting; of vulcanized rubber
4202	Trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels, spectacle-cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling-bags, toilet bags, rucksacks, handbags, shopping-bags, wallets, purses, map-cases, cigarette-cases, tobacco-pouches, tool bags, sports bags, bottle-cases, jewellery boxes, powder-boxes, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanized fibre or of paperboard, or wholly or mainly covered with such materials or with paper
4204	Articles of leather, or of composition leather, of a kind used in machinery or mechanical appliances or for other technical uses
4205	Other articles of leather or of composition leather
ex CHAPTER 46	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork excluding products mentioned in part 1
CHAPTER 66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof
ex CHAPTER 69	Ceramic products excluding products mentioned in part 1
ex CHAPTER 70	Glass and glassware excluding products mentioned in part 1
7117	Imitation jewellery
ex CHAPTER 73	Articles of iron or steel excluding products mentioned in parts 1 or 3
CHAPTER 78	Lead and articles thereof
CHAPTER 79	Zinc and articles thereof
ex CHAPTER 81	Other base metals; cermets; articles thereof excluding products mentioned in part 1
CHAPTER 82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal
CHAPTER 83	Miscellaneous articles of base metal

Part 2 (cont'd)

CN code	Description of goods
8406	Steam turbines and other vapour turbines
8407	Spark-ignition reciprocating or rotary internal combustion piston engines
8408	Compression-ignition internal combustion piston engines (diesel or semi-diesel engines)
8409	Parts suitable for use solely or principally with the engines of heading No 8407 or 8408
8415	Air conditioning machines, comprising a motor-driven fan and elements for changing the temperature and humidity, including those machines in which the humidity cannot be separately regulated
8418	Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air conditioning machines of heading No 8415
8420	Calendering or other rolling machines, other than for metals or glass, and cylinders thereof
8443	Printing machinery; machines for uses ancillary to printing
8450	Household or laundry-type washing machines, including machines which both wash and dry
8451	Machinery (other than machines of heading No 8450) for washing, cleaning, wringing, drying, ironing, pressing, (including fusing presses), bleaching, dyeing, dressing, finishing, coating or impregnating textile yarns, fabrics or made up textile articles and machines for applying the paste to the base fabric or other support used in the manufacture of floor coverings such as linoleum; machines for reeling, unreeling, folding, cutting or plinking textile fabrics
8452	Sewing machines, other than book-sewing machines of heading No 8440; furnitures, bases and covers specially designed for sewing machines; sewing machine needles
8453	Machinery for preparing, tanning or working hides, skins or leather or for making or repairing footwear or other articles of hides, skins or leather, other than sewing machines
8454	Converters, ladles, ingot moulds and casting machines, of a kind used in metallurgy or in metal foundries
8455	Metal-rollings and rolls therefor
8456	Machine-tools for working any material by removal of material, by laser or other light or photon beam, ultrasonic, electro-discharge, electro-chemical, electron beam, ionic-beam or plasma arc processes
8457	Machining centers, unit construction machines (single station) and multi-station transfer machines, for working metal
8458	Lathes for removing metal
8459	Machine-tools (including way-type unit head machines) for drilling, boring, milling, threading or tapping by removing metal, other than lathes of heading No 8458
8460	Machine-tools for deburring, sharpening; grinding, honing, lapping, polishing or otherwise finishing metal, sintered metal carbides or cermets by means of grinding stones, abrasives or polishing products, other than gear cutting, gear grinding or gear finishing machines of heading No 8461
8461	Machine-tools for planing, shaping, slotting, broaching, gear cutting, gear grinding or gear finishing, sawing, cutting-off and other machine-tools working by removing metal, sintered metal carbides or cermets, not elsewhere specified or included
8462	Machine-tools (including presses) for working metal by forging, hammering or die-stamping; machine-tools (including presses) for working metal by bending, folding, straightening, flattening, shearing, punching or notching; presses for working metal or metal carbides, not specified above
8463	Other machine-tools for working metal, sintered metal carbides or cermets, without removing material
8467	Tools for working in the hand, pneumatic or with self-contained non-electric motor
8468	Machinery and apparatus for soldering, brazing or welding, whether or not capable of cutting, other than those of heading No 8515; gas-operated surface tempering machines and appliances
8469	Typewriters and word-processing machines
8470	Calculating machines; accounting machines, postage-franking machines, ticket-issuing machines and similar machines, incorporating a calculating device; cash registers
8471	Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included
8472	Other office machines (for example, hectograph or stencil duplicating machines, addressing machines, automatic banknote dispensers, coin-sorting machines, coin-counting or wrapping machines, pencil-sharpening, perforating or stapling machines)
8473	Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines of heading Nos 8469 to 8472
8504	Electrical transformers, static converters (for example, rectifiers) and inductors
8505	Electro-magnets; permanent magnets and articles intended to become permanent magnets after magnetization; electro-magnetic or permanent magnet chucks, clamps and similar holding devices; electro-magnetic couplings, clutches and brakes; electro-magnetic lifting heads
8506	Electrical apparatus for line telephony or line telegraphy, including such apparatus for carrier-current line systems
8507	Microphones and stands therefor; loudspeakers, whether or not mounted in their enclosures; headphones, earphones and combined microphone/speaker sets; audio-frequency electric amplifiers; electric sound amplifier sets

Part 2 (cont'd)

CN code	Description of goods
8525	Transmission apparatus for radio-telephony, radio-telegraphy, radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras
8528	Radar apparatus, radio navigational aid apparatus and radio remote control apparatus
8532	Electrical capacitors, fixed, variable or adjustable (pre-set)
8533	Electrical resistors (including rheostats and potentiometers), other than heating resistors
8534	Printed circuits
8536	Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders, junction boxes), for a voltage not exceeding 1 000 V
8705	Special purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example, breakdown lorries, crane lorries, fire-fighting vehicles, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units)
8714	Parts and accessories of vehicles of heading Nos 8711 to 8713
8715	Baby carriages and parts thereof
8716	Trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof
CHAPTER 89	Ships, boats and floating structures
9002	Lenses, prisms, mirrors and other optical elements, of any material, mounted, being parts of or fittings for instruments or apparatus, other than such elements of glass not optically worked
9005	Binoculars, monoculars, other optical telescopes, and mountings therefor; other astronomical instruments and mountings therefor, but not including instruments for radio-astronomy
9006	Photographic (other than cinematographic) cameras; photographic flashlight apparatus and flashbulbs other than discharge lamps of heading No 8539
9007	Cinematographic cameras and projectors, whether or not incorporating sound recording or reproducing apparatus
9008	Image projectors, other than cinematographic; photographic (other than cinematographic) enlargers and reducers
9011	Compound optical microscopes, including those for photomicrography, cinephotomicrography or microprojection
9012	Microscopes other than optical microscopes; diffraction apparatus
9014	Direction finding compasses; other navigational instruments and appliances
9015	Surveying (including photogrammetrical surveying), hydrographic, oceanographic, hydrological, meteorological or geophysical instruments and appliances, excluding compasses; rangefinders
9016	Balances of a sensitivity of 5 cg or better, with or without weights
9033	Parts and accessories (not specified or included elsewhere in this chapter) for machines, appliances, instruments or apparatus of Chapter 90
ex CHAPTER 91	Clocks and watches and parts thereof, excluding products mentioned in Part 1
ex CHAPTER 92	Musical instruments; parts and accessories of such articles, excluding products mentioned in Part 1
9404	Mattress supports; articles of bedding and similar furnishing (for example, mattresses, quilts, eiderdowns, cushions, pouffes and pillows) fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics, whether or not covered
9405	Lamps and lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included

Part 3

Non-Sensitive products

CN code	Description of goods
CHAPTER 25	Salt; sulphur; earths and stone; plastering materials, lime and cement
CHAPTER 27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes
ex CHAPTER 28	Inorganic chemicals: organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes, excluding products mentioned in
	Parts 1 or 2
ex CHAPTER 29	Organic chemicals, excluding products mentioned in Parts 1 or 2
ex CHAPTER 30	Pharmaceutical products, excluding products mentioned in Part 1
3101 00 00	Animal or vegetable fertilizers, whether or not mixed together or chemically treated; fertilizers produced by the mixing or chemical treatment of animal or vegetable products
ex CHAPTER 32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks, excluding products mentioned in Part 2
CHAPTER 33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations
CHAPTER 34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, "dental waxes" and dental preparations with a basis of plaster
ex CHAPTER 35	Albuminoidal substances; modified starches; glues; enzymes, excluding products mentioned in Parts 1 or 2, and product numbers 3502 10 91, 3502 10 99, 3505 10, 3505 20 3505 20, and 3523 60
CHAPTER 36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations
CHAPTER 37	Photographic or cinematographic goods
ex CHAPTER 38	Miscellaneous chemical products, excluding products mentioned in Parts 1 or 2, and product number 3823 60
ex CHAPTER 39	Plastics and articles thereof, excluding products mentioned in Parts 1 or 2
ex CHAPTER 40	Rubber and articles thereof, excluding products mentioned in Parts 1 or 2
4201 00 00	Saddlery and harness for any animal (including traces, leads, knee pads, muzzles, saddle cloths, saddle bags, dog coats and the like), of any material
4206	Articles of gut (other than silkworm gut), of goldbeater's skin, of bladders or of tendons
CHAPTER 43	Furskins and artificial fur; manufactures thereof
CHAPTER 44	Wood and articles of wood;
CHAPTER 45	Cork and articles of cork
CHAPTER 48	Paper and paperboard; articles of paper pulp, of paper or of paperboard
ex CHAPTER 49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans, excluding products mentioned in Parts 1 or 2
CHAPTER 65	Headgear and parts thereof
CHAPTER 67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair
CHAPTER 68	Articles of stone, plaster, cement, asbestos, mica or similar materials
ex CHAPTER 71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin, excluding products mentioned in Part 2
ex CHAPTER 72	Iron and steel, excluding products mentioned in Part 1
7301	Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements; welded angles, shapes and sections, of iron or steel
7302	Railway or tramway track construction material of iron or steel, the following: rails, check-rails and rack rails, switch blades, crossing frogs, point rods and other crossing pieces, sleepers (cross-ties), fish-plates, chairs, chair-wedges, sole plates (base plates), rail clips, bedplates, ties and other material specialized for jointing or fixing rails
7304	Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel
7305	Other tubes and pipes (for example, welded, riveted or similarly closed); having internal and external circular cross-sections, the external diameter of which exceeds 406,4 mm, of iron or steel
7306	Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel
7308	Structures (excluding prefabricated buildings of heading No 9406) and parts of structures (for example bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, shutters, balustrades, pillars and columns) of iron or steel; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron or steel

Part 3 (cont'd)

CN code	Description of goods
7313 00 00	Barbed wire of iron or steel; twisted hoop or single flat wire, barbed or not, and loosely twisted double wire, of a kind used for fencing, of iron or steel
7314	Cloth (including endless bands), grill, netting and fencing, of iron or steel wire; expanded metal of iron or steel
7316 00 00	Anchors, grapnels and parts thereof, of iron or steel
7317	Nails, tacks, drawing pins, corrugated nails, staples (other than those of heading No 8305) and similar articles, of iron or steel, whether or not with heads of other material, but excluding such articles with heads of copper
CHAPTER 75	Nickel and articles thereof
CHAPTER 80	Tin and articles thereof
ex CHAPTER 84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof, excluding products mentioned in Parts 1 or 2
ex CHAPTER 85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles, excluding products mentioned in Parts 1 or 2
CHAPTER 86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds
8701	Tractors (other than tractors of heading No 8709)
8710 00 00	Tanks and other armoured fighting vehicles, motorized, whether or not fitted with weapons, and parts of such vehicles
8713	Invalid carriages, whether or not motorized or otherwise mechanically propelled
CHAPTER 88	Aircraft, spacecraft, and parts thereof
ex CHAPTER 90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof, excluding products mentioned in Parts 1 or 2
9401	Seats (other than those of No 9402), whether or not convertible into beds, and parts thereof
9402	Medical, surgical, dental or veterinary furniture (for example, operating tables, examination tables, hospital beds with mechanical fittings, dentists' chairs); barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements; parts of the foregoing articles
9403	Other furniture and parts thereof
9406 00	Prefabricated buildings
CHAPTER 95	Toys, games and sports requisites; parts and accessories thereof
CHAPTER 96	Miscellaneous manufactured articles

Part 1

List of sectors and countries referred to in article 4

CN code	Description of goods	Countries concerned
CHAPTERS 25 AND 27	Mineral products	Saudi Arabia Russia Libya ⁽¹⁾
CHAPTER 28 CHAPTER 29 CHAPTER 30 CHAPTER 32 CHAPTER 33 CHAPTER 34 CHAPTER 35 CHAPTER 36 CHAPTER 37 CHAPTER 38	Chemicals excluding fertilizers	China (1)
CHAPTER 31	Fertilizers	Belarus Kazakhstan Russia Ukraine Chile (1)
CHAPTERS 39 AND 40	Plastics and rubber	South Korea Malaysia Thailand
CHAPTER 41	Leather, raw hides and skins	Argentina Brazil India Pakistan
CHAPTERS 42 AND 43	Articles of leather and furskins	China South Korea Hong Kong India Pakistan Thailand
CHAPTERS 44 TO 46	Wood	Malaysia Indonesia
CHAPTERS 47 TO 49	Paper	Brazil (1)
CHAPTERS 50 TO 60	Textiles	South Korea India Pakistan
CHAPTERS 61 TO 63	Clothing	South Korea Hong Kong Malaysia Thailand Macao China (1)
CHAPTER 64 TO 67	Footwear	South Korea Brazil Thailand China Indonesia China (1)
CHAPTERS 68 TO 70	Glass and ceramic products	
CHAPTER 71	Jewellery and precious metals	Hong Kong Thailand Brunei Kazakhstan

(1) Application of solidarity mechanism

CN code	Description of goods	Countries concerned		
2701 11	ECSC products	South Korea Brazil Mexico Kazakhstan Russia		
2701 12				
2701 19				
2701 20				
2702 10				
2702 20				
2704 00 19				
2704 00 30				
7201				
7202 11				
7202 99 11				
7203				
7204				
7206				
7207 11 11				
7207 12 10				
7207 19 11				
7207 19 31				
7207 20 11				
7207 20 32				
7207 20 51				
7207 20 71				
7208				
7209				
7210				
7211				
7212				
7213				
7214				
7215				
7216				
7218				
7219				
7220 11				
7220 12				
7220 20 10				
7220 90 31				
7221				
7222 10				
7222 30 10				
7222 40 11				
7222 40 19				
7224 10				
7224 90				
7225				
7226				
7227				
7228 10				
7228 20				
7228 30				
7228 60 10				
7228 70				
7228 80				
7301				
7302				
ex 7207			Base metals, non-ECSC	Kazakhstan Russia China
7205				
7217				
7223				
7303 to 7326			Electro mechanical equipment	South Korea Singapore
CHAPTERS 74 TO 83				
CHAPTERS 84 TO 85	Consumers electronics	South Korea Hong Kong Singapore Malaysia		
8470				
8471				
8473				
8504				
8505				
8517				
8518				

CN code	Description of goods	Countries concerned
8519 8520 8521 8522 8523 8524 8525 30 8526 8527 8528 8529 90 8531 8532 8533 8534 8536 8540 11 8540 12 8541 8542	Consumers electronics (cont'd)	
CHAPTER 87 CHAPTER 86 CHAPTER 88 CHAPTER 89	Vehicles Transport equipment	South Korea Brazil (1)
CHAPTERS 90 TO 92	Optical, clocks and musical instruments	Hong Kong
CHAPTERS 94 TO 96	Miscellaneous	South Korea Hong Kong Thailand China

Part 2

Identification of countries and sectors referred to in Article 4

I. Classification of beneficiary countries by development index

The development index represents each country's overall level of industrial development compared with that of the European Union. It is based on the following formula, which combines per capita income with the level of manufactured exports:

$$\frac{(\log[(Y_i/POP_i)/(Y_{ue}/POP_{ue})] + \log[X_i/X_{ue}])}{2}$$

2

in which:

- Y_i = the beneficiary country's income
- Y_{eu} = the European Union's income
- POP_i = the beneficiary country's population
- POP_{eu} = the population of the European Union
- X_i = the value of the beneficiary country's manufactured exports
- X_{eu} = the value of the European Union's manufactured exports

Using this formula, an index of 0 means the beneficiary's level of industrial development is equal to that of the European Union. Figures for income and population are taken from World Bank statistics (World Development Report 1993) and those for manufactured exports from the UNCTAD Handbook of International Trade and Development Statistics 1992.

II. Classification of beneficiary countries by relative sectoral specialization index

A beneficiary country's specialization index is derived from the relationship between the proportion of imports in a determined sector coming from this country within the total amount of Community imports in this sector, on the one hand, and on the other amount, this country's share proportion of the total Community imports.

III. Combining the development and specialization indexes

The combination of these two indexes determines how Article 4 will be applied to each beneficiary country.

For countries with a development index greater than -1, Article 4 will apply when the specialization index equals or exceeds 1.

For countries with a development index between -1 and -1.23, Article 4 will apply when the specialization index equals or exceeds 1.5.

For countries with a development index between -1.23 and -1.70, Article 4 will apply when the specialization index equals or exceeds 5.

For countries with a development index between -1.70 and -2, Article 4 will apply when the specialization index equals or exceeds 7.

Article 4 will not apply to countries with a development index of less than -2.

IV. Solidarity Measure

Article 4 also applies to countries whose exports to the Community of products covered by GSP in a determined sector exceed a quarter of the total exports from all beneficiary countries to the Community in that sector.

V. Exception to the Solidarity Measure

Article 4 does not apply to countries whose exports to the Community of products covered by GSP in a determined sector do not exceed 2% of the total exports from all beneficiary countries to the Community in that sector.

ANNEX III

List of beneficiary countries and territories enjoying generalized tariff preferences⁽¹⁾

A. INDEPENDENT COUNTRIES

070 Albania	324 Rwanda (2)	508 Brazil
072 Ukraine	328 Burundi (2)	512 Chile
073 Belarus	330 Angola	516 Bolivia (3)
074 Moldova	334 Ethiopia (2)	520 Paraguay
075 Russia	336 Erythrae	524 Uruguay
076 Georgia	338 Djibouti (2)	528 Argentine
077 Armenia	342 Somalia (2)	600 Chypre
078 Azerbaijan	346 Kenya	604 Lebanon
079 Kazakhstan	350 Uganda (2)	608 Syria
080 Turkmenistan	352 Tanzania (2)	612 Iraq
081 Uzbekistan	355 Seychelles and dependencies	616 Iran
082 Tajikistan	366 Mozambique (2)	628 Jordan
083 Kyrgyzstan	370 Madagascar (2)	632 Saudi Arabia
091 Slovenia	373 Mauritius	636 Kuwait
092 Croatia	375 Comoros (2)	640 Bahrain
093 Bosnia-Herzégovine	378 Zambia (2)	644 Qatar
204 Morocco	382 Zimbabwe	647 United Arab Emirates
206 Algeria	386 Malawi (2)	649 Oman
212 Tunisia	388 South Africa	653 Yemen (2)
216 Libya	389 Namibia	660 Afghanistan (2)
220 Egypt	391 Botswana (2)	662 Pakistan
224 Sudan (2)	393 Swaziland	664 India
228 Mauritania (2)	395 Lesotho (2)	666 Bangladesh (2)
232 Mali (2)	412 Mexico	667 Maldives (2)
236 Burkina Faso (2)	416 Guatemala	669 Sri Lanka
240 Niger (2)	421 Belize	672 Nepal (2)
244 Chad (2)	424 Honduras	675 Bhutan (2)
247 Republic of Cape Verde (2)	428 El Salvador	676 Burma (Myanmar) (2)
248 Senegal	432 Nicaragua	680 Thailand
252 Gambia (2)	436 Costa Rica	684 Laos (2)
257 Guinea Bissau (2)	442 Panama	690 Vietnam
260 Guinea (2)	448 Cuba	696 Kampuchea (Cambodia) (2)
264 Sierra Leone (2)	449 Saint-Kitts-et-Nevis	700 Indonesia
268 Liberia (2)	452 Haiti (2)	701 Malaysia
272 Ivory Coast	453 Bahamas	703 Brunei Darussalam
276 Ghana	456 Dominican Republic	706 Singapore
280 Togo (2)	459 Antigua and Barbuda	708 Philippines
284 Benin (2)	460 Dominica	716 Mongolia
288 Nigeria	464 Jamaica	720 China
302 Cameroon	465 St Lucia	728 South Korea
306 Central African Republic (2)	467 St Vincent	801 Papua New Guinea
310 Equatorial Guinea (2)	469 Barbados	803 Nauru
311 São Tomé and Príncipe (2)	472 Trinidad and Tobago	806 Solomon Islands (2)
314 Gabon	473 Grenada	807 Tuvalu (2)
318 Congo	480 Colombia (3)	812 Kiribati (2)
322 Zaire (2)	484 Venezuela (3)	815 Fiji
	488 Guyana	816 Vanuatu (2)
	492 Surinam	817 Tonga (2)
	500 Ecuador (3)	819 Western Samoa (2)
	504 Peru (3)	823 Federated States of Micronesia
		824 Republic of the Marshall Islands

- (1) The code number preceding the name of each beneficiary country is that given "Nomenclature" (Regulation (EC) No/94 (OJ No L /94, p.).
- (2) This country is also included in Annex IV
- (3) This country is also including in Annex V

B. COUNTRIES AND TERRITORIES

dependent or administered, or for whose external relations Member States of the Community or third countries are wholly or partly responsible

- 044 Gibraltar
- 329 St Helena and St Helena dependencies
- 357 British Indian Ocean Territory
- 377 Mayotte
- 406 Greenland
- 408 St Pierre and Miquelon
- 413 Bermuda
- 446 Anguilla
- 454 Turks and Caicos Islands
- 457 Virgin Islands of the United States
- 461 British Virgin Islands and Montserrat
- 463 Cayman Islands
- 474 Aruba
- 478 Netherlands Antilles
- 529 Falkland Islands
- 740 Hong Kong
- 743 Macao
- 802 Australia Oceania [Christmas Island, Cocos (Keeling) Islands, Heard Islands and Mc Donald]
- 810 American Oceania⁽¹⁾
- 809 New Caledonia and dependencies
- 811 Wallis and Futuna Islands
- 813 Pitcairn
- 814 New Zealand Oceania (Tokelau and Niue Islands; Cook Islands)
- 822 French Polynesia
- 890 Polar regions

{	French Southern and Antarctic Territories
	Australian Antarctic Territories
	British Antarctic Territories, South Georgia and Sandwich Islands

Note : The above lists may be amended subsequently to take account of changes in the international status of countries or territories.

C. OTHER BENEFICIARIES

- 096 Territory of the former Yugoslav Republic of Macedonia

(1) American Oceania includes : Guam, American Samoa (including Swain's Island), Midway Islands, Johnston and Sand Islands, Wake Islands

ANNEX IV

List of least-developed developing countries

224 Sudan	350 Uganda
228 Mauritania	352 Tanzania
232 Mali	366 Mozambique
236 Burkina Faso	370 Madagascar
240 Niger	375 Comoros
244 Chad	378 Zambia
247 Republic of Cape Verde	386 Malawi
252 Gambia	391 Botswana
257 Guinea Bissau	395 Lesotho
260 Guinea	452 Haiti
264 Sierra Leone	653 Yemen
268 Liberia	660 Afghanistan
280 Togo	666 Bangladesh
284 Benin	667 Maldives
306 Central African Republic	672 Nepal
310 Equatorial Guinea	675 Bhutan
311 São Tomé and Príncipe	676 Burma (Myanmar)
322 Zaire	684 Laos
324 Rwanda	696 Kampuchea (Cambodia)
328 Burundi	806 Îles Salomon
334 Ethiopia	807 Tuvalu
336 Erythrée	812 Kiribati
338 Djibouti	816 Vanuatu
342 Somalia	817 Tonga
	819 Western Samoa

ANNEX V

List of countries referred to in article 3

480 Colombia
484 Venezuela
500 Ecuador
504 Peru
516 Bolivia

ANNEX VI

List of products referred to in article 7

CN code	Description of goods
	Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms :
4407 21	- Of the following tropical woods : -- Dark red meranti, light red meranti, meranti bakau, white lauan, white meranti, white seraya, yellow meranti, alan, keruing, ramie, kapur, teak, jonngkong, merbau, jelutong and kempas
4407 22	-- Okoumé obeche, sapelli, sipo, acajou d'Afrique, makoré, iroko, tiana, mansonia, limba dibétou, limba and azobé
4407 23	-- Baboen, mahogany (Swietenia spp.), limba and baïsa
	Veneer sheets and sheets for plywood (whether or not spliced) and other wood sawn lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness not exceeding 6 mm :
4408 20	- Of the following tropical woods : dark red meranti, light red meranti, white lauan, sipo, limba, okoumé, obéché, acajou d'Afrique, sapelli, baboen, mahogany (Swietenia spp.), palissandre du Brazil and bois de rose femelle
	Plywood, veneered panels and similar laminated wood :
4412 11 00	- Plywood consisting solely of sheets of wood, each ply not exceeding 6 mm thickness : -- With at least one outer ply of the following tropical woods : dark red meranti, light red meranti, white lauan, sipo, limba, okoumé, obeche, acajou d'Afrique, sapelli, baboen, mahogany (Swietenia spp.), palissandre du Brazil or bois de rose femelle
4414 00 10	Wooden frames for paintings, photographs, mirrors or similar objects : - Of tropical wood
4419 00 10	Tableware and kitchenware, of wood : - Of tropical wood
ex 4420	Wood marquetry and inlaid wood ; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furnitures not falling in CHAPTER 94
ex 9401 50 00	- Seats of cane, osier, bamboo or similar materials
ex 9401 61 00	- Upholstered
ex 9403 30	Furniture of tropical wood : - Wooden furniture of a kind used in offices
ex 9403 40	- Wooden furniture of a kind in the kitchen
ex 9403 50	- Wooden furniture of a kind used in the bedroom
ex 9403 60	- Other
ex 9403 90 30	- Parts, of tropical wood

Annex VII

List of countries with a per capita GNP of over USD 6 000 in 1991
(based on data supplied by the World Bank):

Hong Kong
Singapore
South Korea
Saudi Arabia
Oman
Brunei
Qatar
United Arab Emirates
Kuwait
Bahrain
Libya
Nauru

Annex VIII

Factors to be taken into consideration for the purposes of
Article 14(3)

- reduction in the market share of Community producers;
- reduction in their production;
- increase in their stocks;
- closure of their production capacity;
- bankruptcies;
- low profitability;
- low rate of capacity utilization;
- employment;
- trade;
- prices.

FINANCIAL STATEMENT: INDUSTRIAL PRODUCTS

It is not easy to arrive at a precise figure for the financial impact of the generalized tariff preferences granted to developing countries because of:

- the root-and-branch overhaul of the scheme;
- rules of origin which, given the structure of the productive sector in developing countries, cannot always be complied with in full;
- incomplete take-up of preferential concessions as a result of lack of information or, where the normal rate of duty is low, lack of economic incentive;
- a possible unquantifiable increase in take-up as a result of the scheme's simplification.

Given the existence of these factors the total value of the offer open as of 1 January will not exactly match a given year's preferential imports at 31 December.

Total industrial imports in 1992¹ from developing countries which will be GSP beneficiaries in 1995 suggest that the overall GSP offer for 1995 would be worth ECU 26.8 billion.

The weighted average rate of CCT customs duty applicable to the products concerned is between 5.5% and 6%, and customs revenue forgone as a result of the application of the Community's GSP scheme in 1995 can therefore be estimated at something between ECU 1.47 million and ECU 1.60 million.

¹ As accurate figures for imports from the CIS countries in 1992 are not available, we have used the figures for 1993 (eleven months January to November).

PROPOSAL FOR A COUNCIL REGULATION (EC) No ...
EXTENDING INTO 1995 THE APPLICATION OF REGULATIONS (EEC)
No 3833/90, (EEC) No 3835/90 AND (EEC) No 3900/91 APPLYING
GENERALIZED
TARIFF PREFERENCES IN RESPECT OF CERTAIN AGRICULTURAL PRODUCTS
ORIGINATING IN DEVELOPING COUNTRIES

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament¹,

Having regard to the opinion of the Economic and Social Committee,²

Whereas within the context of the United Nations Conference on Trade and Development (UNCTAD), the European Community offered to grant tariff preferences on certain agricultural products of Chapters 1 to 24 of the Common Customs Tariff which originate in developing countries; whereas the preferential treatment proposed in the offer consists, in respect of certain goods which are subject to the trade arrangements laid down in Regulation (EEC) No 3033/80,³ of a reduction in the fixed component of the charge applicable to such goods by virtue of that Regulation, and, in respect of products which are subject to the single customs duty, of a reduction in such duty; whereas preferential imports of the products concerned should be effected in general without quantitative restrictions;

Whereas the positive role played by this system in improving access for developing countries to the markets of the preference-giving countries was recognized at the ninth session of the UNCTAD Special Committee on Preferences; whereas it was there agreed that the objectives of the system of generalized preferences would not be fully achieved by the end of 1980, that consequently it should be prolonged beyond the initial period, as an overall review of the system was started in 1990;

Whereas the part of the Community's scheme of generalized preferences covering industrial products is the subject of a regulation applicable for three years and based on the ten-year guidelines adopted by the Community; whereas, in view of the special problems relating to the implementation of the results of the Uruguay Round for the products referred to in this Regulation, it appears unlikely that a regulation based on the new ten-year guidelines for these products can be envisaged before the end of 1995; whereas, therefore, the current scheme for agricultural products should be temporarily renewed, subject to certain improvements, pending the introduction of a new agricultural scheme on 1 January 1996;

Whereas countries undertaking effective programmes to combat drug production and trafficking should, however, remain entitled to the more favourable arrangements granted them under the

1 OJ No L ..., ..., p. ...

2 OJ No L ..., ..., p. ...

3 OJ No L 323, 29.11.1980, p. 1.

previous scheme; whereas the countries concerned, together with Venezuela except in respect of fisheries products, will therefore continue to enjoy duty-free access;

HAS ADOPTED THIS REGULATION:

Article 1

Regulations (EEC) No 3833/90, (EEC) No 3835/90 and (EEC) No 3900/91 applying generalized tariff preferences in respect of certain agricultural products originating in developing countries shall apply mutatis mutandis from 1 January 1995 to 31 December 1995.

References in the Regulations mentioned in the first subparagraph to specific dates in 1991 and 1992 shall be taken to refer to the same dates in 1995 or 1996 respectively.

Article 2

The first subparagraph of Article 1(4) of Regulation No 3833/90 is replaced by the following text: "In order to be admitted under one of the preferential arrangements established by this Regulation, products must comply with a definition of origin adopted in accordance with the procedure laid down in Article 249 of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code."¹

Article 3

Article 3 of Regulation (EEC) No 3835/90 is amended as follows:

"Article 3

From 1 January 1995 and until 31 December 1995,

1. Common Customs Tariff duties shall be totally suspended for products originating in Bolivia, Colombia, Ecuador, Peru and Venezuela listed in the Annex to this Regulation. Article 1(4) and Articles 7 to 12 of Regulation (EEC) No 3833/90 shall, without prejudice to the levying of any supplementary duties that may apply, apply to those countries and to the products listed in the Annex to this Regulation. However, Venezuela shall not qualify for the preferences applicable to the products of Chapter 3 and codes CN 1604 and 1605. In respect of these products it shall continue to qualify for the preferences referred to in Annex II to Regulation (EEC) No 3833/90.

2. Bolivia, Colombia, Ecuador, Peru and Venezuela shall be withdrawn from the list of countries given in Annex III to Regulation (EEC) No 3833/90."

Article 4

The following paragraph is added to Article 7 of Regulation (EEC) No 3833/90:

¹ OJ No L 253, 11.10.1993, p. 1.

"2. For products of CN code 0603 10 originating in the countries referred to in Article 3 of Regulation (EEC) No 3835/90, the quantity referred to in paragraph 1 above is the volume of exports from one of the countries in question to the Community which corresponds to the highest of the four years preceding the entry into force of this Regulation."

Article 5

In Annex II to Regulation (EEC) No 3833/90, the rate of duty shall be reduced to zero for products of order numbers 52.1770, 52.1840, 52.1920 and 52.1930, to 4% for products of order number 52.0520 and to 25% for products of order number 52.3790.

Products of code numbers 52.2350 and 52.2420 shall be removed from Annex II.

Article 6

This Regulation shall enter into force on 1 January 1995 and shall be applicable for one year.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President