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PRESS RELEASE

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EUROPEAN COMMON MARKET TO RENEW SYSTEM OF GENERALIZED PREFERENCES FOR DEVELOPING COUNTRIES

WASHINGTON, D.C., December 13 -- The European Common Market's Council of Ministers, during a weekend meeting in Brussels, agreed in principle to continue to extend "generalized preferences" to developing countries during 1972.

The one-way preferences were initially extended in July, 1971, to 91 developing countries which are members of the "Group of 77" of the UN Conference on Trade and Development (UNCTAD). The system covers manufactured and semi-manufactured products, as well as some processed farm products.

Along with renewal, the Community hopes to raise ceilings on certain semi-manufactured and manufactured goods. A ceiling, limiting the volume of preferential imports, is fixed each calendar year for each product. In general, the ceiling is calculated according to the following formula: the basic amount (1968 value of imports from the beneficiaries of the preferences) plus a supplementary amount (5 per cent of the value of imports from other countries, i.e. industrialized countries, in the last year for which statistics are available). This method results in a raising of the ceiling every year, as the "additional amount" will grow as Community trade with industrialized countries increases.

The system affects developing countries' industrial imports, worth about \$500 million a year, or \$1 billion if the supplementary amount is included.

The Council of Ministers, despite the current difficulties in world trade, confirmed the Community's desire to pursue an open trade policy and to continue its efforts of cooperation in the expansion of trade with the third world.

The formal decision to renew the system will be made as soon as the Commission of the European Communities submits an official proposal to the Council of Ministers.

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