

EUROPEAN PARLIAMENT

Working Documents

1980 - 1981

15 December 1980

Document 1-545/80/ANNEX

ANNEX

to the report

drawn up on behalf of the Committee on

Development and Cooperation by Mr A. PEARCE

on the proposal from the Commission of the
European Communities to the Council

(Doc. 1-429/80) for regulations fixing the
Community's five-year scheme of generalized
preferences for the period 1981-1985, and the
opening of the scheme applicable in 1981

- Opinion of the Committee on Agriculture -

Draftsman : Mr WOLTJER

On 21 October 1980, the Committee on Agriculture appointed Mr Woltjer draftsman.

The Committee on Agriculture considered the draft opinion at its meeting of 4-5 December 1980 and adopted it at the same meeting by 17 votes to one with one abstention.

Present : Sir Henry Plumb, chairman; Mr Früh, vice-chairman; Mr Woltjer, draftsman; Miss Barbarella, Mr Battersby, Mr Blaney (deputizing for Mr Skovmand), Mr Clinton, Mr Curry, Mr Dalsass, Mr Davern, Mr Delatte, Mr Diana, Mr Fanton, Mr Gatto, Mr Helms, Mr Hord, Mr Pranchère, Mr Tolman and Mr Vitale.

1. The initial period of the generalized preferences, for which a ten-year derogation from GATT rules was granted, came to an end on 31 December 1980. The Commission now proposes a Community scheme for 1981-1985 and proposals for 1981.

The Committee on Agriculture, in giving an opinion on this proposal, can recall its opinion¹ on the Commission's communication² concerning the guidelines for the preference system in the post 1980 period, in which the importance as well as the limitations of the preferential system were stressed and suggestions were made to improve the system, especially for the poorer countries..

2. The Community can take pride from the fact that it was the first to answer the call of UNCTAD to establish a preferential scheme to help the trade of the less developed countries; and the example of the Community encouraged the other principal industrialized countries to establish similar schemes.

The purpose of the preferential system is trade diversion as much as trade creation, and so seeks to give an advantage to imports from less developed countries over imports from developed countries.

In fact the imports of products covered by preferences from the beneficiary countries represents little more than a fifth of the Community's total world imports of these products in the agricultural sector.

3. It must be admitted that the preferential scheme has resulted in only a very modest additional increase in the trend of imports from the beneficiary countries compared to imports from developed countries.

Preferential imports have not had any serious effect on the Community products so that trade governed by preferences is based mainly on traditional trading patterns.

4. The generalized preferences scheme is marginal as far as the agricultural sector is concerned, particularly in terms of the products covered. This is true of the Commission's proposal for 1981.

5. The Commission in its agricultural proposal for 1981 has included one new product; increased the preferential margin for twelve products already included; and totally suspended duty on seven products for which the GSP rate does not exceed 3%. It is also proposing to abolish the exclusions maintained with regard to China whose exports of the products in question are unlikely to upset the existing balance.

The one new product included, basmati rice, sells on the world market at around twice the normal price and for which a quota of 7,000 tonnes is to be opened exempt from levy.

None of the products covered are likely to cause any disturbances to products covered by the Community's common agricultural policy (see Annex).

¹ Doc. 1-455/80, p.18

² Doc. 1-67/80

6. The preferential system is valuable as it introduces a degree of flexibility in trading relations with developing countries, allowing for derogations from the normal GATT rules governing international trade and for adjustments to changing economic conditions.
7. More efforts, however, must be made to help the poorest developing countries to take better advantage of the preferential scheme.
8. Greater attention must be paid to increasing on-the-spot processing and the real export potential of the poorest developing countries, which are almost completely dependent on agriculture for their exports.
9. Financial, technical and administrative obstacles must be eliminated for agricultural as well as industrial products and the system simplified for the poorest developing countries.
10. The Community should recognize the rather disappointing economic results of the preference scheme so far, and seek to operate the scheme with sufficient flexibility to adapt the list of products covered so as to integrate the preferential system into a true development policy rather than limiting action to minor adjustments in commercial policy.

List of agricultural products for which an improvement in the
preferential margin is proposed

		<u>Present GPS rate</u>	<u>Proposed for 1981</u>
09.01 A I (b)	Coffee, unroasted, freed of caffeine	10%	8%
II (b)	Coffee, roasted, freed of caffeine	15%	13%
09.01 B	Husks and skins	10%	8%
09.01 C	Coffee substitutes containing coffee in any proportion	15%	13%
09.04 B I	Pimento of the genus 'Capsicum', crushed or ground	7%	5%
II	Other pimento, crushed or ground	7%	5%
09.06 A	Cinnamon, ground	5%	3%
B	Cinnamon, unground	4%	3%
09.08 A II (a)	Nutmeg	2%	free
B II	Nutmeg, crushed or ground	3%	free
09.09 A II	Badian seed, uncrushed, unground	11%	9%
B I	Badian seed, crushed or ground	12%	10%
11.04 A	Flour of the dried leguminous vegetables	5%	4%
B. I.	Flour of bananas	6%	4%
18.06 A	Cocoa powder, not otherwise sweetened than by the addition of sucrose	3% + v.c.	free
19.02 B I	Preparations (other than malt extract), containing malt extract	3% + v.c.	free
II	Other preparations	3% + v.c.	free
19.05	Cereal based products	2% + v.c.	free
21.06 B II	Other natural yeasts (inactive)	3%	free