

Brussels, 15 October 1984

R E P O R T
of the
Section for External Relations
on the
Proposal from the Commission to the Council
fixing the Community's Generalized Tariff
Preferences Scheme for 1985
(COM(84) 378 final)

Rapporteur : Mr CREMER

CES 702/84 fin F/OU/CH/sk

1. The main aim of the generalized tariff preferences scheme (GSP), governing Community imports from the LDCs, is to assist these countries' attempts at industrialization by facilitating access to the industrialized countries' markets.

2. For details of the operation of the GSP, the Section refers to its Report on the 1984 GSP (CES 714/83 fin), which also recapitulates earlier ESC standpoints on the subject.

3. In the case of the 1985 GSP, to be followed in 1986 by the next five-year review, the Commission is proposing the following amendments :

a. Agricultural products :

- lowering of duties on Virginia-type tobacco (to 5%) and other tobaccos (to 14%) for fixed quotas;
- increase (2,000 tons) in the quota for pineapple chunks in the form of a transfer from the underutilized quota for pineapple slices;

- redistribution of the quotas for unmanufactured tobacco, canned pineapple slices and chunks, soluble coffee and cocoa butter;
- inclusion of a number of new tropical products : inulin (11.08 B), chicory roots (12.08 A), locust beans (12.08 B) and cheese fondues (21.07 E);
- improvement of the preferential market for 58 products;
- removal of the exclusions still applying to imports from China.

b. Industrial products :

- removal of 12 products from Annex A; these now become non-sensitive products;
- inclusion of 8 products in Annex A. These products, which thereby become sensitive, include five chemicals, computers, ball-bearings and videorecorders;

- 28 quota increases and 79 raised ceilings;
- increases of around 10% in the reference bases for non-sensitive products (except for xylene (29.03) and static transformers and converters);
- removal of exclusions applicable to aluminium bars and sections imported from China and Romania and to copper bars and sections from Romania.

c. Textiles :

- slight increase (equivalent to the increase approved for 1984) in the specific individual ceilings on MFA textile products;
- no real increase in the case of non-MFA textiles.

The Section observes that the Commission is proposing new keys for the distribution of quotas for quota-tied products among the Member States. Up to now quotas have been calculated on the basis of a single key geared to

such factors as the Member States' GDP and population. The Commission points out that this system impedes optimum deployment of the scheme as some countries do not import certain products or do not use up their allotted quota. The Commission therefore intends to determine quotas on the basis of keys differentiated according to the product concerned, in the light of the individual Member States' trade (imports of specific products) over the past three years.

Obviously the Section is not opposed to any attempt to make the GSP more effective. It would, however, prefer to examine changes in the complex method of calculating national quotas in connection with the next five-yearly review of the GSP.

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