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REPORT

on the proposal for a Council regulation amending Regulation (EC) No 2501/2001 applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004 and extending it to 31 December 2005

(COM(2003) 634 – C5-0544/2003 – 2003/0259(CNS))

Committee on Development and Cooperation

Rapporteur: Margrietus J. van den Berg

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 14 November 2003 the Council consulted Parliament, pursuant to Article 133 of the EC Treaty, on the proposal for a Council regulation on amending Regulation (EC) No 2501/2001 applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004 and extending it to 31 December 2005 (COM(2003) 634 – 2003/0259(CNS)).

At the sitting of 17 November 2003 the President of Parliament announced that he had referred the proposal to the Committee on Development and Cooperation as the committee responsible and the Committee on Industry, External Trade, Research and Energy for its opinion (C5-0544/2003).

The Committee on Development and Cooperation appointed Margrietus J. van den Berg rapporteur at its meeting of 26 November 2003.

The committee considered the Commission proposal and draft report at its meeting of 26 November 2003.

At the latter meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Margrietus J. van den Berg (vice-chairman/acting chairman and rapporteur), Marieke Sanders-ten Holte (vice-chairman), Anders Wijkman (vice-chairman), Jean-Pierre Bebear, John Bowis, John Alexander Corrie, Nirj Deva, Giovanni Claudio Fava (for Marie-Arlette Carlotti), Fernando Fernández Martín, Concepció Ferrer (for Luigi Cesaro), Vitaliano Gemelli, Glenys Kinnock, Karsten Knolle, Paul A.A.J.G. Lannoye, Miguel Angel Martínez Martínez, Linda McAvan, Hans Modrow, Didier Rod, Francisca Sauquillo Pérez del Arco, Michel-Ange Scarbonchi (for Joaquim Miranda), Maj Britt Theorin and Jürgen Zimmerling..

The Committee on Industry, External Trade, Research and Energy decided on 27 November 2003 not to deliver an opinion.

The report was tabled on 27 November 2003.

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council regulation on amending Regulation (EC) No 2501/2001 applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004 and extending it to 31 December 2005 (COM(2003) 634 – C5-0544/2003 – 2003/0259(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2003) 634)¹,
 - having regard to Article 133 of the EC Treaty, pursuant to which the Council consulted Parliament (C5-0544/2003),
 - having regard to the WTO Ministerial Statement adopted on 14 September 2003, in Cancún (Mexico)²,
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Development and Cooperation (A5-0424/2003),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
 4. Asks the Council to consult Parliament again if it intends to amend the Commission proposal substantially;
 5. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

¹ Not yet published in OJ.

² WT/MIN (03)/20, 23 September 2003.

Amendment 1
RECITAL 3 A (new)

(3a) The discussion on the new ten-year guidelines and first implementing Regulation, taking into account the outcome of the WTO Doha round, should be started sufficiently early to allow for proper involvement and consultation of partner countries, non-state actors and EU institutions, including the European Parliament.

Justification

The consultation process of the new ten-year guidelines and first implementing Regulation should be transparent and participative, according to the minimum standards for consultation of interested parties set by the Commission.

Amendment 2
RECITAL 6 A (new)

(6a) The enhanced flexibility in applying special incentive arrangements for the protection of labour rights should not undermine the authority of the International Labour Organisation (ILO) and the effectiveness of its instruments and supervisory bodies.

Justification

In its proposal the Commission suggests to apply special incentive arrangements for the protection of labour rights in a much more flexible way. This should be done, however, without undermining the effectiveness of the ILO.

Amendment 3
ARTICLE 1, PARAGRAPH 4
Article 14, paragraph 2, point (b) (Regulation (EC) No 2501/2001)

"(b) which is engaged in significant ongoing efforts to incorporate and apply the substance of these standards."

"(b) the national legislation of which has incorporated the substance of the standards referred to in point (a), and whose commitment to applying them has been positively assessed by the ILO."

Justification

In its proposal the Commission suggests to apply special incentive arrangements for the protection of labour rights in a much more flexible way, in order to improve the functioning of an instrument which so far has not been very effective because the criteria were too strict. The flexibility proposed by the Commission should not, however, undermine the authority of International Labour Organisation (ILO) conventions and the effectiveness of its supervisory bodies, and I have suggested an amendment in this respect.

EXPLANATORY STATEMENT

1. In accordance with the guidelines adopted in June 1994 for the period 1995 to 2004, the Community adopted at the end of 2001 Regulation No 2501/2001 applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004. This latter date will see the expiry of both the ten-year guidelines for the period 1995 to 2004 and of the last implementing Regulation for the years 2002 to 2004.
2. The new ten-year guidelines and their first implementing Regulation should normally enter into force on 1 January 2005, and therefore adopted in 2004 at the latest. Taking into account that the wider framework of the GSP is that of the WTO, and given that the round of multilateral negotiations launched in Doha in November 2001 will not be completed in time for this timetable to be kept to, it is proposed to defer adoption of the ten-year guidelines to a later date and simply to renew the current Regulation No 2501/2001 for one year, namely 2005.
3. The rapporteur agrees with this approach but would like to obtain a guarantee that the consultation process for the new ten-year guidelines and their first implementing Regulation can be started sufficiently in advance to allow for a proper involvement and consultation of partner countries, EU institutions, including the European Parliament, and non-state actors. An amendment in this sense has been proposed.
4. Apart from extending the validity of the Regulation, the Commission proposes to include a change to the annual adjustment of the offer by graduation. The Commission proposes to modify the graduation mechanism in order to exclude, in a non-discriminatory way, all beneficiary countries accounting for less than 1% in value of GSP imports. In practice, this will focus the effects of graduation on the principal GSP beneficiaries, a dozen countries accounting for the bulk of GSP trade¹.
5. The main beneficiaries of the "1 % clause" will be all countries covered by the special arrangements to combat drug production and trafficking, except Pakistan (Bolivia, Colombia, Ecuador, Peru, Venezuela, Costa Rica, Honduras; Guatemala, Nicaragua, Salvador, Panama). Argentina (which from 2005 will no longer benefit from the "crisis" clause introduced in 2003), Sri Lanka, Iran and Kuwait will also benefit from this clause. This concentration of graduation on the principal GSP beneficiaries, which maximises the benefits for LDCs and smaller economies, is fully in line with the objectives of the GSP initiative and therefore is supported by the rapporteur.
6. The second change proposed by the Commission concerns the conditions for granting the special incentive arrangements for the protection of the labour rights (the "social clause"). In its proposal the Commission suggests to apply special incentive arrangements for the protection of labour rights in a much more flexible way, in order to improve the functioning of an instrument which so far has not been very effective because the criteria were too strict².

¹ According to the statistics provided by the Commission, the list of countries subject to graduation next time (1 January 2006, or 1 January 2005 if it is decided to bring forward application of this new clause) is: China, Russia, India, Thailand, Indonesia, Malaysia, Brazil, Pakistan, Saudi Arabia, the Philippines and Vietnam.

² Only one country has benefited so far from this clause (Moldova). Other five countries have applied but have

7. The effective functioning of the "social clause" is an objective shared by the rapporteur. The flexibility proposed by the Commission should not, however, undermine the authority of International Labour Organisation (ILO) conventions and the effectiveness of its supervisory bodies, and an amendment in this respect has been proposed.

not qualified yet (Georgia, Sri Lanka, Russia, Ukraine, Uzbekistan).