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***Accompanying document to the***

**Council Regulation applying a scheme of generalised tariff preferences for the years 2009-2011**

***Impact Assessment Report***

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## TABLE OF CONTENTS

# IMPACT ASSESSMENT REPORT

## 1. Executive Summary

This impact assessment concerns the revision of the Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences (GSP). The scheme of generalised tariff preferences is one of the key instruments to assist developing countries to reduce poverty by helping them to generate revenue through international trade.

Council Regulation 980/2005 applying the GSP entered into force on the 1 January 2006 and expires on 31 December 2008. It will be followed by a further GSP Regulation to enable the continuation of the scheme.

On the 7 June 2004, following a wide and substantial debate, the Commission adopted a "Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee, on the function of the Community's generalised system of preferences for the ten year period from 2006-2015." The Communication indicated the basic objective and the new implementing instruments of the GSP schemes which would apply in the years 2006-2015, with the view to provide greater continuity and stabilise the GSP scheme, thereby making it more attractive to the beneficiary countries.

This impact assessment seeks to demonstrate that the original chief objective of the GSP scheme to contribute to the eradication of poverty and the promotion of sustainable development and good governance in the developing countries is still valid and remains applicable in the context of the preparation of the new draft GSP Council Regulation for the years 2009-2011. It also includes an assessment of the functioning of the various GSP implementation instruments set out in the June 2004 Commission Communication and incorporated first in the GSP Regulation 980/2005. These instruments were designed to help attain the GSP objective and were introduced on 1 January 2006. The assessment of the first year of their application shows that the different instruments have begun to serve the set objective; but the short period of application does not yet allow definitive conclusions to be drawn, and does not support further modifications of the scheme at this time.

Considering that the general objective of the GSP remains valid and that the implementation provisions for the years 2006-2015, as expressed in the Communication, are still binding, the new GSP Regulation would be therefore only a technical revision of the currently applied scheme without modifications of its provisions.

Consequently the substance of the GSP scheme for the years 2009-2011 will remain unchanged. The adaptations to be introduced result from normal implementation of the scheme, such as the review of the graduation system or the assessment of countries' eligibility for the scheme and its sub-arrangements. They focus on routine updating of the wording of the GSP Regulation.

This approach to the revision of the GSP Regulation renders the scheme more stable and predictable, as advocated by the users of the scheme and as announced in the 2004 Commission Communication. It would offer greater accessibility to traders, assure predictability of trading conditions and facilitate management of the scheme. This would benefit beneficiary countries, traders and administrations. The aim is to integrate the beneficiary countries into the world trade system. For that they require a stable and predictable commercial and investment regime

This impact assessment has been prepared in accordance with the principle of 'proportionate analysis' as laid down in the Impact Assessment Guidelines of 15 June 2005 (section No5), which provides for a proportionate analysis in cases of a revision of existing EU legislation. The principal aim of this impact assessment is therefore to demonstrate, as outlined in section No 5 of the Impact Assessment Guidelines, that the existing GSP scheme's objective and its implementing instruments set out in the July 2004 Communication are still valid.

## 2. PROCEDURAL ISSUES AND CONSULTATION OF INTERESTED PARTIES

### 2.1. Procedural issues:

The GSP scheme's provisions are laid down in Council Regulation (EC) No 980/2005, which will expire on 31 December 2008. The new GSP Council Regulation, which will enable the continuation of the GSP scheme in the years 2009-2011, will enter into force on 1 January 2009.

In July 2004, the Commission adopted the Communication on the role of the GSP for the ten-year period 2006 to 2015[1] :"Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee on the function of the Community's generalised system of preferences for the ten year period from 2006-2015". This Communication established the main objectives of the GSP until 2015, and the instruments to be used to achieve them.

The guidelines set out in the Communication are put into operation in the form of multi-annual implementing regulations. The first of these was the GSP Regulation No. 980/2005, and the second will be the GSP Regulation for the years 2009-2011.

The GSP implementing regulations cover as well provisions referring to the special incentive arrangement to encourage sustainable development and good governance (the GSP+) and the special arrangement for least developed countries (EBA). The eligibility for GSP+ is updated regularly as part of each GSP implementing regulation. However, the list of beneficiaries for the GSP+ scheme applying in the years 2009-2011 – in contrast to the text of the GSP Regulation 2009-2011 itself – will be adopted only in December 2008 in order to allow for maximum time for potential beneficiaries to comply with eligibility criteria. As for the EBA scheme for least developed countries, in accordance with the provisions of art.30 of the GSP Regulation, it is not subject to review.

The July 2004 Communication was the result of a substantial review of the objective and instruments of the GSP scheme. It set out new functions for the GSP scheme. The substantially revised GSP was proposed to enter into force as from January 2006 and to last for ten years until 2015. It provided for regular technical reviews at intervals of three years.

[1] COM(2004) 461 final.

The first three year period of application of the revised scheme will lapse on 31 December 2008. The next period will start on 1 January 2009.

However, in order to respond to requests for greater predictability and transparency of the scheme it is envisaged to adopt the GSP Regulation – which will apply the GSP scheme in the years 2009-2011 – one year in advance; that is to say, by the end of 2007. This would assure sufficient time for operators to learn well in advance about the trading conditions for the upcoming three years and facilitate the continuity of their trading activities.

### 2.2. Consultations of interested parties

Interested parties have expressed their views and made their own observations and recommendations on the future of the GSP. Commission services have had many meetings with representatives of third countries and of trade associations. In addition, a civil society dialogue meeting was held on 8 May 2007 at which trade unions and various professional associations took the opportunity to express their views. Beneficiary countries of the GSP have been active in bringing forward their views. Consultations with Member States have also been conducted between January and June 2007 (informal trade ministers meetings; discussions in the 133 Committee with MS trade representatives and in the Council working party on GSP). The Council supported the Commission's approach to the technical review of the GSP Regulation.

The comments received through the consultation were taken into account in the review of the regulation. The main conclusions of the consultation can be summarised as follows:

The almost unanimous response regarding the review of the GSP scheme was that the scheme is very important for its users and that predictability and simplicity should be maintained. More substantial points have been made regarding rules of origin applied in the GSP and their envisaged reform. This reform is part of a general reform of preferential rules of origin applied by the EU, and is therefore subject to a separate evaluation and modification process. Another very important element raised was that it is important to assure that the additional preferences available under the special incentive arrangement for sustainable development and good governance are granted to those beneficiary countries which meet the eligibility criteria, and that the eligibility criteria should be clear and predictable.

Further consultations of industry and civil society will be undertaken before the revision of the scheme, which will apply for the years 2011-2015.

### 2.3. Consultation with the Impact Assessment Board

The Impact Assessment Board recommendations, expressed in the opinion of 22 October 2007 have been reflected in the Report by introducing a Lexicon on the GSP terms that explains GSP technical language. Additional information has been added in point 5 of the Report in order to address the recommendation to explain further the impact and the role of the GSP in the overall EU development policy.

## 3. EU RIGHT TO ACT

The GSP Regulation defines autonomous preferential tariff measures on the basis of Article 133 EC, consequently the GSP scheme is a matter of exclusive Community competence.

## 4. INTRODUCTION

The GSP is a trade arrangement through which the EU extends preferential access to its market to products originating in 179 developing countries. It is an autonomous trade instrument of the EU. It is implemented by a Council Regulation.

The GSP is an exception to the most-favoured nation principle under the GATT and it must, therefore, comply with GATT rules. These rules, as interpreted by the WTO Appellate Body in 2004, provide that a GSP scheme shall be "generalized, nonreciprocal and non-discriminatory". It needs to be designed to facilitate and promote trade of developing countries, and to respond positively to the development, financial and trade needs of developing countries.

The July 2004 Communication laid down the objective of the GSP scheme, and introduced a number of new implementing instruments for achieving this objective. The Communication introduced substantial changes of the GSP schemes applied up to that time.

Accordingly, for the GSP schemes applying from 2006 until 2015 the objective is that the GSP shall be one of the key instruments to assist developing countries to reduce poverty by helping them to generate revenue through international trade.

The means by which the objectives of the GSP are expected to be achieved are as follows:

- generous tariff rates in the access to the EU market should be maintained
- preferences should be targeted on countries that most need it
- the scheme should be simple and with an easy access
- graduation should be transparent and targeted on the prime beneficiaries
- a special incentive arrangement to encourage sustainable development and governance should be provided
- rules of origin should be reviewed
- temporary withdrawal instruments, safeguard measures antifraud measures should remain reinforced

The above elements of the GSP scheme were introduced for the first time by the Council Regulation (EC) No 980/2005, which entered into force on 1 January 2006.

## 5. VALIDITY OF THE GSP OBJECTIVE AND ITS IMPLEMENTING MODALITIES

### 5.1. The objective of the GSP

The primary and overarching objective of the EU's GSP scheme is to contribute to the eradication of poverty and the promotion of sustainable development and good governance.

Promotion of sustainable development constitutes an integral part of EU trade policy, as trade is one of the essential instruments which can support economic and social development through better access to the Community market. The GSP scheme, as an instrument of EU trade policy, also targets poverty eradication and good governance. This was confirmed by the June 2004 Commission Communication laying down the principal guidelines for the GSP schemes until 2015.

Combating global poverty and promotion of sustainable development remain valid objectives, and have become even more important in the context of an increasingly globalised and interdependent world.

This is why the EU’s development strategy focuses on trade and on helping poor countries to improve their infrastructures, develop their productive potential and make their public administration and institutions more efficient. With this support, some will be able to grasp trade opportunities and secure more inward investment so as to broaden their economic base. This is essential in enabling countries to integrate into the global economy and achieve sustainable growth and development.

Developing countries, which are vulnerable due to a lack of diversification and insufficient integration into the international trading system, do not have the resources that would allow them to pursue sustainable development policies. Additional assistance must therefore continue to be provided to enable those countries to assume special burdens and responsibilities due to the implementation of international standards.

This is where the GSP scheme plays and will continue to play a role as an instrument of support and encouragement. Special preferences would promote further economic growth, and thereby the need for sustainable development could be addressed.

The GSP objective continues therefore to be valid and should be also the principal goal for the GSP Regulation which will apply in the years 2009-2011.

Furthermore the GSP implementing provisions, as laid down in the July 2004 Communication, have been put into operation for the first time as from 1 January 2006. Although their application period is too short to draw definitive conclusions, the trends resulting from their practical application indicate that the instruments support the objective and remain relevant for the application of the next GSP Regulation 2009-2011.

### 5.2. Contribution of the GSP to the wider aims of the EU's development policy.

In the 2005 EU Joint Development Policy Statement on ‘The European Consensus on Development’ the EU expressed a commitment to strengthen Policy Coherence for Development (PCD). It commited to pursue PCD objectives in the areas of Trade, Environment, Climate change, Security, Agriculture, Fisheries, Social dimension of globalization, Employment and decent work, Migration, Research and innovation, Information society, Transport and Energy. This PCD objective has also been reflected in the rules governing the EU's GSP scheme, as all listed policies, including Trade with its GSP instrument, can make an essential contribution in assisting developing countries’ efforts in achieving the Millennium Development Goals (MDGs).

The goal of the EU's development policy and other policies, which can support it, is to encourage sustainable development that helps to eradicate poverty in developing countries and integrate these countries into the global economy. In addition to these economic and social objectives, there is a political plan: to help reinforce democracy and the rule of law, whilst promoting respect for human rights and basic freedoms.

Trade is becoming one of the most important drivers of economic growth in an increasingly globalised world. And that growth can create jobs across the developing world. One important instrument to support this growth, is the EU's GSP. It aims is threefold: to increase developing countries' export income, promote the industrialization of these countries and accelerate their economic growth. By means of the GSP, the EU assists to integrate developing countries into international trade and thus eradicate poverty, enhance economic and sustainable development as well as support good governance. This scheme has been progressively developed and adapted to include the possibility of applying incentive schemes based on environmental or social clauses, tariff modulation to reflect the "sensitivity" of the products concerned. The graduation mechanism serves to encourage the least developed countries to diversify their economies and their export structure being less dependant on few product lines. Moreover, greater selectivity has been applied, with countries that are now industrialized or oil-producing no longer needing the mechanism.

The EU's GSP can also offer positive incentives for meeting fundamental labour standards. The GSP has for several years offered the additional concessions for countries that respect for example core labour standards and which put more emphasis on sustainable development. Under the special subarrangemnt on sustainable development and good govebrnance ( the GSP+scheme), additional tariff preferences have been made available to vulnerable countries that have ratified the main international ILO and UN conventions on labour and human rights, and that have taken strides in environmental protection and good governance, including the fight against drug trafficking.

The EU's GSP is today the most generous and widely used of all developed countries GSP schemes. The EU became one of the most important trading partner for developing countries taking up 17% of their exports. The share of imports from developing countries in the total EU imports increased in the years 1999-2006 from 43% to 49%. From 1995 to 2005 developing countries' economies grew over 5%, which represents an almost two percentage point increase over the decade from 1985 to 1995.

### 5.3. GSP implementing instruments and their impact

**a) Generous tariff rates in the access to the EU market should be maintained**

With the implementation of the new GSP scheme on 1 January 2006 approximately 250 new products of interest for developing countries were introduced into the GSP product list, comprising fish and prepared fruits and vegetables. Preferential margins (currently 3.5 percentage points for sensitive products and 100% for non-sensitive products) were maintained.

A standstill clause (in Article 7(3) of the GSP Regulation) envisaged that the treatment of sensitive products should remain at least as generous as that which had previously applied.

The GSP import statistics show that in the years 2000-2005 GSP preferential imports increased on average less than 1% per year. The increase between 2006 and 2005 amounted to

10% (Table1). Also, imports of products newly introduced into the GSP increased in 2006 by 19% (3.9 bln Euro) in comparison with 2005 (3.3 bln Euro) (see Table 2). Small and middle sized countries from Asia and South America benefited from the new preferences (for example: Vietnam, the Philippines, Sri Lanka, the Maldives, Ecuador, Colombia, El Salvador)

**b) Target the GSP on the countries that most need it**

The GSP focuses on the countries most in need, such as LDCs and the most vulnerable developing countries (small economies, land-locked countries, small island states, and low income countries) in order to help them play a greater role in international trade. These countries are unable to take advantage of economies of scale, or are beset by logistical problems. Their economies are not at all diversified.

The objective of concentrating GSP on countries most in need is managed by "graduating" the most competitive groups of products from certain beneficiaries. Given their high level of competitiveness, there is no further justification for these products to continue to benefit from a preferential tariff treatment for these countries.

The analyses of import data in the years 2001-2006 shows that GSP imports from LDC countries to the EU are still small (on average 3 bln Euro), but that the introduction of the new GSP scheme in 2006 contributed to raising imports by 35% (4.4 bln Euro) in comparison to the year 2005 (3.3 bln Euro). It was the highest yearly increase since 2001 (Table 3). Although the LDC's utilisation rates of GSP preferences are still not high (on average 42%), here also the new scheme contributed to positive results, as the utilisation rate for 2006 shows the highest increase since 2001 (by 10%) and amounted to 48%. It should be noted that the average use of various preferences by LDC countries when accessing the EU market is 70%, as LDC countries may choose between Cotonou or the EBA preferences when exporting to the EU. The EBA is more advantageous, but for many products that the LDCs export to the EU the preferences are the same. As the LDCs have been granted substantial preferences under COTONOU's predecessors – the Lomé Conventions – which date back to the mid 1970s and the EBA scheme was not introduced until 2001, the LDCs that are eligible for both schemes continue in many cases to use the COTONOU preferences. Looking at the overall use of EU preferences by LDCs, the rate is 70%, a figure which is significantly higher than if the utilisation rate of the EBA scheme alone is considered.

If we exclude from the value of total GSP imports for 2005 and 2006 the value of imports from the largest GSP exporters to the EU (those countries, from whom GSP imports to the EU surpass 1 bln Euro and which are bigger economies: India, Brazil, Bangladesh, Thailand, Vietnam, Indonesia, Pakistan, Malaysia, Saudi Arabia, Ukraine, China, Argentina, Russia, South Africa) it is evident that imports from the remaining 164 smaller GSP exporters increased from 10 bln Euro in 2005 to 10.6 in 2006, which constitutes an increase of 6% (Table 4).

However, the classification of GSP beneficiaries by biggest GSP import increases to the EU between 2005 and 2006 (Table 6) shows that the first 50 countries for which the largest import increases were recorded were primarily small economies and LDC countries. Below this group of 50 countries, only 4 were bigger economies. GSP imports from the remaining bigger economies either increased by less than 30% (in example: India by 14%, Brazil by 26% or even decreased (for China, South Africa, Russia). By contrast, in the case of 26 small economies increases of import figures to the EU of more than 100% were recorded.

Specifically for the textiles and clothing sector, (Section XI of the CN) – a sector in which the biggest GSP competitor on the EU market is graduated (China) – the largest increases of imports were those from small economies such as Fiji, Haiti, Tunisia, Niger, Afghanistan, and Sri Lanka (in relative terms not in total figures) – Table 7.

**c) The scheme should be simple and with an easy access**

Under the review of GSP which entered into force in January 2006, the GSP has been greatly simplified. Simplification has been achieved through the reduction in the number of arrangements. In particular, a single arrangement has been introduced in place of three separate types of special incentives applying under the previous scheme: those set up in order to encourage the protection of labour rights, to encourage protection of the environment and to combat illegal drug production and trafficking.

Thus, in place of the previous five schemes, there are at present three arrangements in total: the general arrangement, the special arrangement for least developed countries and an arrangement to encourage sustainable development and good governance.

The current GSP scheme also aims to achieve simplification by removing from the list of GSP beneficiaries those countries that enjoy preferential access to the Community market under the terms of an agreement, usually a free-trade agreement (FTA). No country should lose its GSP benefits for any particular product as a result of this process: GSP treatment GSP treatment previously received must be consolidated into the FTA in question. Consolidation takes place gradually, on the basis of bilateral arrangements with the GSP beneficiary country concerned. So far the process has been accomplished with Chile, it continues with Mexico and will be brought in into all ongoing FTA negotiations with GSP countries. The consolidation will improve the coherence of the Community commercial policy. The pace of consolidation depends however on the negotiation process of the FTA's.

The application of clear GSP provisions remains an important objective. The increase of GSP imports in 2006, which was above the average yearly increases in the years 2000-2005, indicates that the solutions that were introduced may have started to have an positive impact.

**d) Graduation should be transparent and targeted on the prime beneficiaries**

Since the implementation of the new GSP scheme in 2006 graduation is applied to groups of products from countries that are competitive on the Community market and no longer need the GSP to boost their exports to the EU.

Graduation from the GSP scheme is a sign that the GSP has successfully performed its function in relation to the countries and products in question. Thus graduation is very closely linked to the economic competitiveness of the beneficiary countries. Graduation gives the countries to which it is applied an incentive to do more to diversify their economies. For the other beneficiary countries, it means a greater share of the benefits of GSP.

Under the 2006 scheme essential changes have been introduced to the graduation arrangements in order to make them simpler. The previous criteria (share of preferential imports, development index and export-specialisation index) have been replaced with a single straightforward criterion: share of the Community market, expressed as a share of preferential imports. Goods are no longer broken down into “sectors”, as was previously the rule for the purposes of graduation. Groups of products are defined by reference to the “sections” in the

Combined Nomenclature. As well as being simple, this system has the advantage that it graduates only groups of products from the biggest beneficiaries. Only the countries that were, on average, competitive for all the products in a section are graduated for these groups of products. Small beneficiaries, competitive for just a few products or for a group of products from a section, can not be graduated solely on the basis of those few products.

The newly introduced graduation provisions clearly meet the objective of the GSP graduation mechanism. There are currently 9 GSP beneficiaries (out of 178) which are graduated from the scheme for a specific product section or sections. The graduated countries are larger economies with GSP preferential imports into the EU ranging from 1.3 bln to more than 9.6 bln Euro in 2006 (Brazil, China, Algeria, Indonesia, India, Malaysia, Russia, Thailand, South Africa). Despite graduation, the level of imports into the EU of the graduated products originating in the named GSP beneficiaries has not been adversely affected. For the majority of cases total imports of these products originating from the graduated countries increased in comparison to 2005 (the increases ranged from 3% to 51%)-(Table 8). The exception was only for transport equipment from China and prepared foodstuffs from Brazil, where imports decreased respectively by 5% and 8%. Furthermore 5 of the graduated countries have already diversified their GSP imports into the EU, as their GSP preferential imports increased between 2005 and 2006 (the increases ranged from 14% to 45%).

In parallel it is worth noting that the GSP imports from all GSP beneficiaries subject to product section graduation increased in 2006 (Table 9).

A positive indications is also that in 2006 there were new GSP beneficiary countries, mainly small economies (like: Angola, Mozambique, Nigeria, Togo, Cap Verde Ethiopia etc.), which started to export to the EU, under GSP preferences, products from the graduated sections.

For some of the graduated product sections, some of the highest increases of GSP preferential imports to the EU were registered for small or poorest GSP beneficiary countries like: Ethiopia for Section IV, Tanzania, Congo, Gabon for Section IX, Costa Rica for Section XIII, Cambodia for Section XV, Cote d'Ivoire and Nepal for Section XVIII, ect.)

**e) A special incentive to encourage sustainable development and good governance should be part of the GSP scheme**

Under the GSP schemes applying before 2006 three special incentive arrangements were established (the special arrangements to encourage protection of basic workers' rights, protection of the environment, and a special arrangement to combat illegal drug production and trafficking. The two special arrangements to encourage protection of basic workers' rights and protection of the environment (the "social" and "environmental" clauses) were little used in their previous form. Some beneficiary countries preferred not to have the content and implementation of their social legislation subjected to the rigours of scrutiny. The length and relative complexity of the evaluation procedures probably made the arrangements even less attractive. The environmental arrangement took an extremely limited approach to environmental protection; it applied only to tropical timber. And regarding the special arrangement to combat illegal drug production and trafficking, the Appellate Body criticized the lack of objective criteria for the inclusion or removal of beneficiary countries.

Therefore it was appropriate to move to a broader concept of sustainable development and governance. Multiple international conventions and declarations have acknowledged the link between development and respect for basic human and labour rights, for the environment, and for the principles of good governance. A failure to honour these basic standards, which are specified in various international conventions, can lead to particular problems for developing countries. It was therefore appropriate to address these special development needs positively by granting additional GSP preferences to those developing countries which have taken on board the major international conventions in these areas.

The new sustainable development incentive (the GSP+) was created as a replacement for the previous incentives. The GSP+ encourages ratification and implementation of international conventions. The scheme is granted to beneficiaries which have taken on board the relevant international standards relating to sustainable development: including basic human rights conventions (conventions designed to uphold political and economic and social rights, to combat torture and discrimination on grounds of race and gender, and to protect women's and children's rights), labour rights conventions and certain conventions relating to environmental protection (e.g. conventions designed to combat trafficking in endangered species and to protect the ozone layer), as well as the various conventions relating to the fight against illegal drugs production and trafficking.

The relevant conventions are those with mechanisms that the relevant international organisations can use to regularly evaluate how effectively they have been implemented. The Commission takes account of these evaluations before deciding which of the applicant countries will be selected to benefit from the incentive schemes. In order to be considered, potential beneficiaries must submit an official application containing essential information in support of the application.

The incentive scheme includes a credible suspension clause that can be activated rapidly. In the event of a serious breach of international agreements, the decision to withdraw the regime can be invoked by the Commission, the Member States or the European Parliament. This triggers an investigation by the Commission which can lead to suspension of the additional benefits if it is established that countries have not honoured their commitments.

The simplification of GSP+ is assured by basing the eligibility criteria on the ratification and proper implementation of internationally agreed conventions. The GSP+ is easier to monitor because reliable evaluation/assessment mechanisms are available to monitor the implementation of theses conventions. It is also more transparent, because the monitoring and evaluation of compliance with the requirements of the scheme are based on the public reports and observations of the relevant international organisations.

Also at present, a number of developing countries continue to face particular problems in the globalised economy, such as the fight against drugs (to which the Community remains committed through a policy based on shared responsibility), or inadequate diversification of their economies. In accordance with the objective to concentrate the GSP on those countries that are most in need, the new GSP + scheme has been designed so that it will continue to respond positively to the special development needs of developing countries in a manner consistent with the WTO Enabling Clause. These additional preferences are open to all developing countries which face similar development needs.

There are currently 15 countries, which benefit from the GSP+:

- from Latin America: four ANDEAN countries (Bolivia, Colombia, Ecuador, Peru); six Central America countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua , Panama) and Venezuela**;**

- from Eastern Europe (Moldova, Georgia)

- from Asia (Sri Lanka, Mongolia).

Almost two years after these countries began to benefit from the GSP+, the status of ratification is the following:

- With the ratification by El Salvador of ILO conventions 87 and 98 in September 2006, all the beneficiaries have now ratified all required human rights and labour conventions.

- Some countries which had not ratified the conventions on protection of environment and on good governance (part B conventions) are doing so. In July 2005 none of the 15 GSP+ beneficiary countries had ratified all of the 11 part B conventions; by July 2007 seven countries (Bolivia, Ecuador, Sri Lanka, Moldova, Mongolia, Nicaragua, Panama, Peru) have ratified all part B conventions; six countries (Colombia, Guatemala, Honduras, El Salvador and Venezuela) have ratified all but one convention, while Georgia has yet to ratify two conventions and Costa Rica three conventions).

The governments of GSP+ countries are undertaking the effort to progressively meet the GSP+ criteria on convention ratification.

As far as effective implementation is concerned, the reports of UN and ILO monitoring bodies reveal a mixed picture. The provisions of the GSP+ regulation envisage that all beneficiary countries will make further efforts to improve implementation before the next review of this scheme in 2008.

The UN and ILO specialised monitoring bodies acknowledge the difficulties the countries concerned are faced with. Shortcomings are however pointed out. The monitoring bodies note with interest various measures taken by the governments. They propose adequate solutions and encourage these countries to continue with their internal reform processes.

Bearing in mind the constraints as well as the evaluations made by the relevant monitoring bodies, it can be concluded that the GSP+ beneficiaries are making efforts towards the effective implementation of the conventions.

These are good developments insofar as they confirm that the GSP+ has begun to operate as an incentive to contribute to fostering human and labour rights, sustainable development and good governance.

Also the statistical analyses of GSP+ import figures confirm that GSP+ preferential imports increased by 15% between 2005 and 2006, whereas the average yearly increase in the past 5 years was 10%. Also the utilisation rate of GSP+ preferences rose from 74% to 77% (Table 10). Preferential GSP+ imports into the EU from 12 out of 15 GSP + beneficiary countries increased on average by 28.5%, and 9 out of the 15 GSP+ countries moved upwards in the ranking of biggest GSP exporters to the EU (mostly Moldova, Nicaragua and Bolivia). (Table 11).

**f) Improve rules of origin**

The Commission Communication on the GSP schemes for the years 2006-2015 envisaged also a review of the rules of origin applied within the GSP. The work on the review is currently carried out under the auspices of DG TAXUD and in close cooperation with other services. The review of GSP rules of origin can be carried out independently of the work on the GSP Regulation, because rules of origin for the GSP are set out in the separate Commission Regulation No 2454/93 implementing the Community Customs Code. The aim would be however that the new, revised rules of origin enter into force in parallel to the new GSP scheme (on 1 January 2009).

**g) Reinforce the temporary withdrawal instruments, safeguard measures and antifraud measures**

The GSP applied since January 2006 with a graduation mechanism targeted on the most competitive countries means that most beneficiaries are granted preferences without any restrictions other than compliance with the relevant GSP rules. The GSP temporary withdrawal provisions and the safeguard clause have therefore been redefined as from January 2006 so as to take account of this new situation. Even though they remain an instrument to be used in exceptional circumstances only, these provisions have been simplified in order to make them more credible and effective. The new provisions have already demonstrated their effectiveness, as very recently they allowed the European Commission to assure proper application of the GSP by temporary suspending the GSP benefits for a country which violated the GSP rules (Belarus). It is for this practical reason that the Commission proposes to maintain these rules.

Considering the first positive indications for the possible results of the GSP scheme, applied since 2006 and taking into account the fact that on the basis of results of the first year of application of the new GSP scheme it is not possible to establish the overall trend of its effectiveness, it is recommended not to change the provisions of the scheme as part of the current review.

Consequently the basic provisions of the GSP Regulation are proposed to remain unchanged and have been reviewed only technically to ease the reading of the GSP Regulation and to facilitate the application of the scheme.

The technical modifications introduced are resulting from the regular implementation of the scheme, like the review of the graduation system or the assessment of the countries' eligibility for the scheme and its sub- arrangements. They concern the regular update of the wording of the GSP Regulation while the substance of the Regulation and its impacts remain unchanged.

## 6. CONCLUSIONS

Trade is a powerful engine for economic growth and some countries use trade as a means to fight poverty. While trade alone cannot solve development problems, openness to trade and support for supply capacity are important elements in any coherent development strategy.

The existing EC market access regime is already quite favourable to developing countries. Nevertheless, developing countries still face a number of obstacles. As a consequence, the poorest countries' share in international trade remains marginal. To facilitate their integration into the world economy, the EU – alongside other initiatives such as the support for a successful outcome of the Doha Development Agenda, the offering of Economic Partnership Agreements or the Aid for Trade initiative – substantially modified the GSP scheme in January 2006 in order to adapt it to the objectives of EU development policy.

The chief objective of EU development policy is to reduce poverty worldwide in the context of sustainable development. The EU development policy takes the view that the fundamental objective of poverty reduction is closely associated with the complementary aims of promotion of good governance and respect for human rights, these being shared values underpinning the Union. The fight against poverty also implies achieving a balance between activities aimed at human development, at the protection of natural resources, and at economic growth and wealth creation to benefit poor people. The GSP objective and its implementing provisions remain consistent with this approach and have begun to show their effectiveness.

With the reforms introduced in January 2006, the GSP system provides more stability, predictability and trading opportunities for its users. Furthermore, additional preferences are provided to countries that have ratified and effectively implement key international conventions on sustainable development, labour rights and good governance.

In addition, the Commission is presently in the process of revising its preferential rules of origin with a view to making them simpler, more transparent and easier to use, thereby promoting development and preventing circumvention.

After the first year of application of the new GSP scheme, introduced in January 2006, the GSP objectives set out in the July 2004 Commission Communication have shown themselves to be valid; and the newly introduced GSP provisions have begun to serve these objectives. However a one year long application period does not permit a conclusive assessment. It is therefore valid to keep the current provisions of the GSP scheme unchanged in order to allow the users of the scheme to adapt, and thereby to draw the benefits which the GSP scheme is designed to deliver.

## 7. GSP LEXICON

**Combined Nomenclature (CN):**

The CN is a method for designating goods and merchandise which was established to meet, at one and the same time, the requirements both of the Common Customs Tariff and of the external trade statistics of the Community. The CN is also used in intra-Community trade statistics.

The CN is comprised of the Harmonized System (HS) nomenclature with further Community subdivisions. The Harmonized system is run by the World Customs Organisation (WCO). This systematic list of commodities forms the basis for international trade negotiations, and is applied by most trading nations.

Each CN subheading has an eight digit code number. *(For instance: 0902100000 is the code for Green tea (not fermented) in immediate packing of a content not exceeding 3 kg)* The ninth and tenth digits represent Taric subheadings.

When declared to customs in the Community, goods must generally be classified according to the Combined Nomenclature. Imported and exported goods have to be declared stating under which subheading of the nomenclature they fall. This determines which rate of customs duty applies and how the goods are treated for statistical purposes.

**Product Section**

The classification of goods in the CN is divided in sections, chapters and sub chapters. There are 21 different sections that include all the possible exportable goods. Section I refers to live animals and animal, section II vegetable products…etc, etc.

**TARIC**

TARIC (acronym for "Tarif Intégré de la Communauté) - The Integrated Tariff of the Community. TARIC is an instrument which was created at the same time as the Combined Nomenclature (CN).

TARIC contains a nomenclature in the EU official languages with about 15,000 tariff lines. It shows all third country the preferential duty rates actually applicable as well as all commercial policy measures. TARIC comprises the Community legislation as published in the Official Journal. It constitutes an instrument for practical use and information but does not have a legal status in itself.

**Preferential margin**

Preferences granted under the GSP scheme give an advantage in the access to the EU market to products originating in a GSP beneficiary country over the competing products originating from countries that are not part of the GSP scheme. The preferential margin is the difference between the tariffs paid by the countries than do not have preferential access to the EU markets and those who benefit from prefrential tariffs on their entry into the European market.

**GSP SCHEME**

The GSP scheme is comprised of three arrangements:

– the general arrangement has a product-coverage of about 6 400 tariff lines, of which 2 500 are categorised as ‘non-sensitive’ products and 3 900 as ‘sensitive’ products.

– non-sensitive products enjoy duty-free access to the EU’s market, while sensitive products benefit from a tariff reduction of 3,5 percentage points on the MFN tariff (for textiles/clothing, MFN minus 20 %);

– the special arrangement for the least-developed countries (LDCs) - “Everything But Arms” - for the world’s fifty poorest countries. All products - except arms and ammunition - are covered (about 7 300 dutiable tariff lines) and are given duty-free and quota-free access to the EU’s market;

– the special incentive arrangement for sustainable development and good governance (the “GSP+”): for countries with specific development needs, i.e. “vulnerable” countries, the WTO ruled that it is possible to grant a specific GSP regime to countries faced with specific development needs. The beneficiary countries which have made the commitment to align their human/labour rights, environmental and governance practices to internationally agreed standards can be considered as facing specific “development needs” and can be helped accordingly. There are fifteen beneficiary countries which satisfied the GSP+ criteria and which have been granted the regime. The product-coverage is virtually the same as for the general arrangement, with the sensitive products being granted duty-free access (i.e. zero duty for 6 400 tariff lines).

Criteria for a beneficiary country to be eligible for the GSP+ are:

– ratification and effective implementation of the 27 conventions annexed to the GSP regulation,

– not being classified as a high-income country by the World Bank,

– for the five largest sections of its GSP-covered exports to the EU to represent more than 75 % in value of its total GSP-covered imports into the EU, and

– for its GSP-covered imports into the EU to represent less than 1 % of the total GSP-covered imports into the EU.

The GSP+ beneficiary countries for the period from 1.1.2006 to 31.12.2008 are:

Bolivia, Colombia, Costa Rica, Ecuador, Georgia, Guatemala, Honduras, Sri Lanka, Moldova, Mongolia, Nicaragua, Panama, Peru, El Salvador and Venezuela.

**<u>Graduation of sections</u>**

Some GSP beneficiary countries may reach, in case of exports to the EU of certain product sections, a level of competitiveness which ensures further growth even without preferential access to the EU market. Countries become competitive in the EU market for a given product section and no longer need the GSP to boost their exports to the EU for this product section. In this case the graduation mechanism is applied, which has as consequence, that imports of products originating in a GSP beneficiary country lose the benefit of GSP tariff preferences.

**ANNEX I:**
**Statistical Data**

Table 1

GSP Countries

All products

| | Total Imports X € 1,000 | Eligible Imports X € 1,000 | Preferential Imports X € 1,000 | Utilisation Rate |
|---|---|---|---|---|
| 2000 | 360.661.069 | 96.145.256 | 47.111.203 | 49% |
| | 1% | 2% | 6% | 3% |
| 2001 | 363.290.549 | 98.537.660 | 49.759.239 | 50% |
| | -1% | 3% | 7% | 4% |
| 2002 | 361.439.529 | 101.018.475 | 53.258.293 | 53% |
| | 5% | -8% | -8% | 0% |
| 2003 | 380.215.231 | 92.658.074 | 48.960.751 | 53% |
| | 22% | -3% | -15% | -13% |
| 2004 | 464.987.750 | 90.114.773 | 41.410.194 | 46% |
| | 27% | -1% | 13% | 14% |
| 2005 | 588.429.962 | 89.402.610 | 46.796.081 | 52% |
| | 17% | 19% | 10% | -7% |
| 2006 | 685.802.081 | 106.133.726 | 51.435.205 | 48% |

Table 2

GSP Countries

New Gsp products

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 3.061.834 | | 715.076 | | 309.466 | | 43% | |
| | | -5% | | 8% | | 18% | | 9% |
| 2002 | 2.910.726 | | 774.274 | | 365.090 | | 47% | |
| | | -3% | | -9% | | 3% | | 13% |
| 2003 | 2.819.616 | | 705.839 | | 376.902 | | 53% | |
| | | -3% | | -8% | | -7% | | 1% |
| 2004 | 2.742.120 | | 652.182 | | 352.364 | | 54% | |
| | | 20% | | 28% | | 38% | | 8% |
| 2005 | 3.300.392 | | 835.814 | | 486.287 | | 58% | |
| | | 19% | | 364% | | 161% | | -44% |
| 2006 | 3.938.539 | | 3.881.395 | | 1.268.745 | | 33% | |

Table 3

## LDC's Countries

All products

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 14.113.812 | | 6.387.621 | | 2.313.034 | | 36% | |
| | | -3% | | 0% | | 6% | | 7% |
| 2002 | 13.750.895 | | 6.368.601 | | 2.458.470 | | 39% | |
| | | -7% | | 0% | | 4% | | 4% |
| 2003 | 12.842.961 | | 6.342.961 | | 2.545.201 | | 40% | |
| | | 9% | | 17% | | 23% | | 6% |
| 2004 | 14.037.395 | | 7.400.081 | | 3.138.727 | | 42% | |
| | | 17% | | 2% | | 5% | | 3% |
| 2005 | 16.451.042 | | 7.570.679 | | 3.303.553 | | 44% | |
| | | 4% | | 22% | | 35% | | 10% |
| 2006 | 17.126.116 | | 9.274.051 | | 4.449.010 | | 48% | |
| | | | | | **Average : 3.034.665** | | **42%** | |

Table 4

## GSP Countries without 14 biggest economies

All products

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 134.695.990 | | 34.848.411 | | 7.750.810 | | 22% | |
| | | -5% | | 0% | | 4% | | 3% |
| 2002 | 128.317.608 | | 34.945.379 | | 8.027.277 | | 23% | |
| | | 1% | | -11% | | -12% | | -1% |
| 2003 | 129.011.308 | | 31.121.466 | | 7.046.773 | | 23% | |
| | | 15% | | 10% | | 5% | | -5% |
| 2004 | 148.476.747 | | 34.361.611 | | 7.403.749 | | 22% | |
| | | 29% | | 1% | | 36% | | 35% |
| 2005 | 192.008.885 | | 34.721.958 | | 10.063.408 | | 29% | |
| | | 14% | | 23% | | 6% | | -14% |
| 2006 | 219.476.622 | | 42.766.407 | | 10.671.072 | | 25% | |

Table 6

| | Countries | Preferential imports x € 1.000 2005 | Preferential imports x € 1.000 2006 | % 2006/2005 |
|---|---|---|---|---|
| 1 | Angola | 0,30 | 12.520,59 | 4173430% |
| 2 | Bhutan | 0,27 | 88,29 | 32600% |
| 3 | New Caledonia | 0,57 | 57,51 | 9989% |
| 4 | Mozambique | 172,26 | 8.242,05 | 4685% |
| 5 | Burundi | 2,18 | 48,57 | 2128% |
| 6 | Burkina Fasso | 167,26 | 2.677,42 | 1501% |
| 7 | Pakistan | 170.052,84 | 2.298.079,86 | 1251% |
| 8 | Marshall (islands) | 5,49 | 55,63 | 913% |
| 9 | Gambia | 27,40 | 270,74 | 888% |
| 10 | Guam | 3,58 | 34,65 | 868% |
| 11 | Togo | 245,02 | 2.292,87 | 836% |
| 12 | Fiji (islands) | 135,91 | 929,11 | 584% |
| 13 | Palaos | 5,24 | 34,89 | 566% |
| 14 | Sierra Leone | 579,06 | 3.029,35 | 423% |
| 15 | Papua New Guinea | 101,95 | 495,12 | 386% |
| 16 | Malawi | 2.258,42 | 10.485,85 | 364% |
| 17 | Ethiopia | 4.732,59 | 19.636,56 | 315% |
| 18 | Libyan (Jamahiriya Arab) | 123.405,72 | 465.527,61 | 277% |
| 19 | Turkmenistan | 16.633,10 | 61.367,20 | 269% |
| 20 | Bahamas | 742,20 | 2.457,63 | 231% |
| 21 | Niger | 28,24 | 87,85 | 211% |
| 22 | Mali | 46,61 | 134,79 | 189% |
| 23 | Iraq | 27,95 | 66,94 | 139% |
| 24 | Jordan | 1.721,86 | 4.107,53 | 139% |
| 25 | Zambia | 4.898,52 | 11.139,47 | 127% |
| 26 | Chile | 34.801,11 | 77.953,67 | 124% |
| 27 | Côte d'Ivoire | 2.625,30 | 5.250,64 | 100% |
| 28 | Benin | 2.729,08 | 5.043,76 | 85% |
| 29 | Kenya | 3.891,55 | 7.025,01 | 81% |
| 30 | Antigua and Barbuda | 302,93 | 546,02 | 80% |
| 31 | Tunisia | 25.938,50 | 45.930,68 | 77% |
| 32 | Afghanistan | 901,07 | 1.567,00 | 74% |
| 33 | Swaziland | 237,72 | 407,46 | 71% |
| 34 | Saudi Arabia | 1.210.864,13 | 2.011.219,21 | 66% |
| 35 | The Netherlands Antilles | 12.248,52 | 20.023,19 | 63% |
| 36 | Mexico | 41.243,23 | 63.958,56 | 55% |
| 37 | Macao | 11.268,06 | 17.404,28 | 54% |
| 38 | Sri Lanka | 618.999,91 | 937.521,93 | 51% |
| 39 | Bolivia | 17.110,77 | 25.121,24 | 47% |
| 40 | Belize | 199,39 | 290,97 | 46% |
| 41 | Malaysia | 1.451.797,42 | 2.102.764,01 | 45% |
| 42 | Namibia | 8.393,81 | 12.096,34 | 44% |
| 43 | Panama | 67.278,95 | 95.478,33 | 42% |

| | | | | |
|---|---|---|---|---|
| 44 | Argentina | 1.086.668,99 | 1.536.933,70 | 41% |
| 45 | The Maldives | 31.382,61 | 44.322,75 | 41% |
| 46 | Saint-Vincent-et them Grendaian | 23,99 | 33,09 | 38% |
| 47 | Gabon | 367,98 | 506,65 | 38% |
| 48 | The Congo (democratic Republic of) | 2.030,73 | 2.787,35 | 37% |
| 49 | Yemen | 63.465,46 | 86.486,20 | 36% |
| 50 | Moldova (Republic of) | 136.485,59 | 185.720,36 | 36% |
| 51 | Bangladesh | 2.648.038,85 | 3.566.426,65 | 35% |
| 52 | Cambodia | 355.495,18 | 474.710,41 | 34% |
| 53 | Paraguay | 14.323,88 | 18.995,08 | 33% |
| 54 | Nicaragua | 21.873,20 | 28.411,13 | 30% |
| 55 | Nigeria | 34.172,30 | 43.948,84 | 29% |
| 56 | Brazil | 3.567.498,58 | 4.522.398,81 | 27% |
| 57 | Uruguay | 137.316,34 | 172.828,18 | 26% |
| 58 | Sudan | 843,32 | 1.057,31 | 25% |
| 59 | Oman | 52.403,93 | 64.124,96 | 22% |
| 60 | Honduras | 78.080,81 | 95.500,05 | 22% |
| 61 | Peru | 533.685,11 | 646.110,45 | 21% |
| 62 | Mongolia | 9.810,15 | 11.856,92 | 21% |
| 63 | Surinam | 119,96 | 144,60 | 21% |
| 64 | Ukraine | 1.442.052,99 | 1.732.475,09 | 20% |
| 65 | El Salvador | 54.114,69 | 64.743,39 | 20% |
| 66 | Ghana | 2.167,20 | 2.589,64 | 19% |
| 67 | Bélarus | 409.388,61 | 488.192,28 | 19% |
| 68 | Thailand | 2.612.381,60 | 3.107.573,63 | 19% |
| 69 | Senegal | 8.117,30 | 9.610,54 | 18% |
| 70 | Indonesia | 2.436.304,90 | 2.881.934,82 | 18% |
| 71 | Costa Rica | 344.728,44 | 407.138,63 | 18% |
| 72 | Egypt | 167.456,03 | 197.659,46 | 18% |
| 73 | Guatemala | 114.404,22 | 134.398,64 | 17% |
| 74 | Vietnam | 2.565.978,80 | 3.009.954,18 | 17% |
| 75 | Kazakhstan | 422.503,55 | 494.225,98 | 17% |
| 76 | Ecuador | 662.100,64 | 769.661,87 | 16% |
| 77 | Uzbekistan | 55.534,74 | 64.290,05 | 16% |
| 78 | The Philippines | 682.938,84 | 786.985,02 | 15% |
| 79 | St. Kitts and Nevis | 26,68 | 30,70 | 15% |
| 80 | India | 8.478.128,71 | 9.668.342,69 | 14% |
| 81 | Madagascar | 5.521,49 | 6.292,16 | 14% |
| 82 | Lao (Republic democratic people's) | 91.352,03 | 101.760,93 | 11% |
| 83 | Kyrgyzstan | 2.762,21 | 3.064,12 | 11% |
| 84 | Iran (Islamic Republic of) | 407.182,19 | 445.766,20 | 9% |
| 85 | Dominican (Republic) | 3.651,40 | 3.990,22 | 9% |
| 86 | Morocco | 51.152,54 | 55.875,92 | 9% |
| 87 | Haiti | 1.485,20 | 1.579,61 | 6% |
| 88 | Syrian (Arab Republic) | 11.271,35 | 11.801,13 | 5% |
| 89 | Mauritania | 765,57 | 777,55 | 2% |
| 90 | Colombia | 488.313,43 | 485.722,67 | -1% |
| 91 | Nepal | 68.953,44 | 68.456,60 | -1% |
| 92 | Cuba | 146.227,27 | 143.095,21 | -2% |

| | | | | |
|---|---|---|---|---|
| 93 | Grenada | 1,02 | 0,99 | -3% |
| 94 | Trinidad and Tobago | 25.633,98 | 24.668,19 | -4% |
| 95 | Mauritius | 2.617,88 | 2.296,91 | -12% |
| 96 | Rwanda | 82,67 | 72,41 | -12% |
| 97 | Kuwait | 559.105,96 | 480.386,06 | -14% |
| 98 | Georgia | 95.572,82 | 77.013,15 | -19% |
| 99 | Uganda | 2.441,33 | 1.960,88 | -20% |
| 100 | Qatar | 146.884,96 | 109.966,20 | -25% |
| 101 | Lebanon | 3.573,88 | 2.661,20 | -26% |
| 102 | Venezuela | 588.737,86 | 437.589,70 | -26% |
| 103 | Bahrein | 241.767,44 | 178.320,93 | -26% |
| 104 | Lesotho | 846,01 | 614,54 | -27% |
| 105 | Cameroon | 289,01 | 209,28 | -28% |
| 106 | Djibouti | 375,70 | 260,80 | -31% |
| 107 | Armenia | 181.895,48 | 122.567,40 | -33% |
| 108 | Azerbaijan | 49.252,78 | 32.064,04 | -35% |
| 109 | Turks et Caïques (islands) | 1,83 | 1,19 | -35% |
| 110 | Russia (Federation of) | 2.156.654,47 | 1.391.302,62 | -35% |
| 111 | South Africa | 2.066.749,65 | 1.316.357,93 | -36% |
| 112 | Brunéi Darussalam | 426,13 | 264,14 | -38% |
| 113 | Tajikistan | 30.495,05 | 18.374,15 | -40% |
| 114 | Tanzania (Republic of) | 4.807,89 | 2.840,91 | -41% |
| 115 | Jamaica | 350,95 | 198,42 | -43% |
| 116 | United Arab Emirates | 1.294.710,98 | 615.157,93 | -52% |
| 117 | Chad | 53,34 | 22,03 | -59% |
| 118 | Saint-Pierre-et-Miquelon | 61,64 | 23,91 | -61% |
| 119 | Tokelau (islands) | 146,88 | 54,71 | -63% |
| 120 | Virgin British (islands) | 251,76 | 93,03 | -63% |
| 121 | British territory of the Indian Ocean | 26,77 | 9,77 | -64% |
| 122 | China (people's Republic of) | 4.839.500,88 | 1.618.369,40 | -67% |
| 123 | Liberia | 162,32 | 49,72 | -69% |
| 124 | Comoros Islands (Islands) | 77,68 | 22,90 | -71% |
| 125 | Zimbabwe | 5.934,59 | 1.415,38 | -76% |
| 126 | Algeria | 47.128,13 | 7.783,33 | -83% |
| 127 | French Polynesia | 186,41 | 26,83 | -86% |
| 128 | Aruba | 47.050,34 | 5.479,56 | -88% |
| 129 | Dominica | 93,86 | 9,75 | -90% |
| 130 | Barbados | 35,99 | 3,62 | -90% |
| 131 | Guyana | 198,41 | 17,29 | -91% |
| 132 | The Solomon Islands | 306,88 | 14,17 | -95% |
| 133 | Eritrea | 52,26 | 0,55 | -99% |
| 134 | Virgin of the United States (islands) | 39.918,41 | 194,33 | -100% |
| 135 | Gibraltar | 8.496,70 | 0,73 | -100% |
| 136 | Anguilla | 7,87 | 0,00 | -100% |
| 137 | Botswana | 164,25 | 0,00 | -100% |
| 138 | Bouvet (island) | 51,73 | 0,00 | -100% |
| 139 | Cocos (islands) (or Keeling islands) | 19,72 | 0,00 | -100% |
| 140 | Cook (islands) | 13,15 | 0,00 | -100% |
| 141 | Guinea | 46,24 | 0,00 | -100% |

| | | | | |
|---|---|---|---|---|
| 142 | Mariannes of the North (Islands) | 1,73 | 0,00 | -100% |
| 143 | Mayotte | 0,97 | 0,00 | -100% |
| 144 | Nauru | 10,75 | 0,00 | -100% |
| 145 | Niue (island) | 7,87 | 0,00 | -100% |
| 146 | Norfolk (island) | 0,51 | 0,00 | -100% |
| 147 | Pitcairn | 0,12 | 0,00 | -100% |
| 148 | Seychelles | 2.195,89 | 0,00 | -100% |
| 149 | South Georgia and the Sandwich islands Southern | 2.375,47 | 0,00 | -100% |
| 150 | The Congo | 281,49 | 0,00 | -100% |
| 151 | Vanuatu | 61,72 | 0,00 | -100% |
| 152 | Walles and Futuna | 3,10 | 0,00 | -100% |
| 153 | Saint Helena | 0,00 | 0,97 | |
| 154 | Caïmanes (islands) | 0,00 | 1,39 | |
| 155 | Montserrat | 0,00 | 2,02 | |
| 156 | Somalia | 0,00 | 2,06 | |
| 157 | Timor-Leste | 0,00 | 10,92 | |
| 158 | Sao Tome and Principle | 0,00 | 14,65 | |
| 159 | Micronesia (federate States of) | 0,00 | 16,29 | |
| 160 | Cape Verde (Republic of) | 0,00 | 23,75 | |
| 161 | American Samoa | 0,00 | 62,59 | |
| 162 | Equatorial Guinea | 0,00 | 1.566,49 | |

Table 7

Textiles

| | Countries | Preferential imports x € 1.000 2005 | Preferential imports x € 1.000 2006 | % 2006/2005 |
|---|---|---|---|---|
| 1 | Fiji (islands) | 23,16 | 577,53 | 2393,7% |
| 2 | Tunisia | 146,8399997 | 2850,14 | 1841,0% |
| 3 | Haiti | 67,26 | 875,82 | 1202,1% |
| 4 | Bhutan | 0,18 | 1,87 | 938,9% |
| 5 | El Salvador | 2117,84 | 19206,96 | 806,9% |
| 6 | Marshall (islands) | 2,99 | 26,03 | 770,6% |
| 7 | Mexico | 966,3000004 | 6800,87 | 603,8% |
| 8 | Niger | 13,29000004 | 76,5 | 475,6% |
| 9 | Kazakhstan | 3632,69 | 10132,12 | 178,9% |
| 10 | Nicaragua | 105,78 | 279,97 | 164,7% |
| 11 | Macao | 1206,980001 | 2677,48 | 121,8% |
| 12 | Dominican (Republic) | 24,52 | 52,72 | 115,0% |
| 13 | Kenya | 31,32 | 63,04 | 101,3% |
| 14 | Madagascar | 1591,03 | 3184,96 | 100,2% |
| 15 | Trinidad and Tobago | 0,680000007 | 1,32 | 94,1% |
| 16 | Lebanon | 304,4699999 | 583,426 | 91,6% |
| 17 | Azerbaijan | 4,239999771 | 7,44 | 75,5% |
| 18 | Afghanistan | 70,04000166 | 119,32 | 70,4% |
| 19 | Sri Lanka | 327322,3162 | 552620,727 | 68,8% |
| 20 | Mozambique | 77,28 | 127,98 | 65,6% |

Table 8

China

S-XVII - Transport equipment

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 1.536.021 | | 842.648 | | 715.306 | | 85% | |
| | | -15% | | 2% | | 2% | | 1% |
| 2002 | 1.309.654 | | 857.687 | | 732.467 | | 85% | |
| | | 40% | | 15% | | 13% | | -2% |
| 2003 | 1.835.310 | | 988.173 | | 830.801 | | 84% | |
| | | 8% | | 45% | | 30% | | -11% |
| 2004 | 1.988.074 | | 1.436.383 | | 1.080.558 | | 75% | |
| | | 79% | | 43% | | 44% | | 0% |
| 2005 | 3.566.729 | | 2.053.033 | | 1.550.953 | | 76% | |
| | | **-5%** | | 0% | | 0% | | 0% |
| 2006 | 3.400.203 | | | | | | | |

## Brazil

S-IV - Prepared foodstuffs

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 3.413.088 | | 408 | | 275 | | 67% | |
| | | -2% | | -53% | | -31% | | 48% |
| 2002 | 3.334.900 | | 191 | | 190 | | 99% | |
| | | -2% | | 76% | | 37% | | -22% |
| 2003 | 3.281.518 | | 336 | | 261 | | 78% | |
| | | 16% | | -59% | | -47% | | 29% |
| 2004 | 3.815.278 | | 138 | | 138 | | 100% | |
| | | -2% | | -98% | | -99% | | -13% |
| 2005 | 3.725.793 | | 2 | | 2 | | 87% | |
| | | **-8%** | | 0% | | 0% | | 0% |
| 2006 | 3.418.128 | | | | | | | |

## Indonesia

S-III - Animal or vegetable oils, fats and waxes

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | Preferential Imports X € 1,000 | Utilisation Rate |
|---|---|---|---|---|---|
| 2001 | 556.356 | | | | |
| | | 38% | | | |
| 2002 | 766.169 | | | | |
| | | -12% | | | |
| 2003 | 673.102 | | | | |
| | | 25% | | | |
| 2004 | 841.344 | | | | |
| | | 4% | | | |
| 2005 | 876.456 | | | | |
| | | **10%** | | | |
| 2006 | 966.992 | | | | |

S-IX - Wood

| | **Total Imports X € 1,000** | | **Eligible Imports X € 1,000** | **Preferential Imports X € 1,000** | **Utilisation Rate** |
|---|---|---|---|---|---|
| 2001 | 797.069 | | | | |
| | | -11% | | | |
| 2002 | 710.349 | | | | |
| | | -7% | | | |
| 2003 | 661.527 | | | | |
| | | 1% | | | |
| 2004 | 670.686 | | | | |
| | | 9% | | | |
| 2005 | 733.145 | | | | |
| | | **5%** | | | |
| 2006 | 772.221 | | | | |

## Malaysia

S-III - Animal or vegetable oils, fats and waxes

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 497.201 | | | | | | | |
| | | 12% | | | | | | |
| 2002 | 554.417 | | | | | | | |
| | | 14% | | | | | | |
| 2003 | 632.488 | | | | | | | |
| | | 7% | | | | | | |
| 2004 | 678.985 | | | | | | | |
| | | 7% | | | | | | |
| 2005 | 724.615 | | | | | | | |
| | | **4%** | | | | | | |
| 2006 | 752.639 | | | | | | | |

## Brazil

S-IX - Wood

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 748.543 | | 330.690 | | 234.199 | | 71% | |
| | | -8% | | 0% | | -8% | | -9% |
| 2002 | 691.890 | | 331.541 | | 214.343 | | 65% | |
| | | -1% | | -9% | | -19% | | -11% |
| 2003 | 684.264 | | 300.890 | | 174.061 | | 58% | |
| | | 23% | | -95% | | -97% | | -50% |
| 2004 | 839.170 | | 16.535 | | 4.743 | | 29% | |
| | | 0% | | 0% | | 0% | | 0% |
| 2005 | 841.983 | | | | | | | |
| | | **3%** | | | | | | |
| 2006 | 869.882 | | | | | | | |

## Algeria

S-V - Mineral products

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 10.904.347 | | 1.056.715 | | 146.418 | | 14% | |
| | | -2% | | 27% | | 35% | | 7% |
| 2002 | 10.654.720 | | 1.340.312 | | 198.313 | | 15% | |
| | | -1% | | -18% | | -34% | | -20% |
| 2003 | 10.582.373 | | 1.098.057 | | 130.399 | | 12% | |
| | | 5% | | -3% | | -36% | | -35% |
| 2004 | 11.158.869 | | 1.070.224 | | 83.045 | | 8% | |
| | | 38% | | 7% | | -49% | | -52% |
| 2005 | 15.357.495 | | 1.144.365 | | 42.522 | | 4% | |
| | | **11%** | | 0% | | 0% | | 0% |
| 2006 | 16.996.034 | | | | | | | |

## China

S-VI - Products of chemical industries

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 2.897.132 | | 666 | | 242 | | 36% | |
| | | 3% | | 233% | | 670% | | 131% |
| 2002 | 2.992.706 | | 2.221 | | 1.866 | | 84% | |
| | | 10% | | 136% | | 106% | | -13% |
| 2003 | 3.306.339 | | 5.242 | | 3.842 | | 73% | |
| | | 15% | | -26% | | -47% | | -28% |
| 2004 | 3.817.728 | | 3.870 | | 2.032 | | 53% | |
| | | 27% | | 80% | | 91% | | 6% |
| 2005 | 4.849.480 | | 6.947 | | 3.878 | | 56% | |
| | | **19%** | | 0% | | 0% | | 0% |
| 2006 | 5.780.681 | | | | | | | |

## S-VII - Plastics and rubber

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 2.865.696 | | 2.850.836 | | 2.488.977 | | 87% | |
| | | 3% | | 3% | | 3% | | 0% |
| 2002 | 2.946.752 | | 2.931.853 | | 2.556.261 | | 87% | |
| | | 7% | | -12% | | -16% | | -5% |
| 2003 | 3.153.412 | | 2.594.255 | | 2.147.518 | | 83% | |
| | | 12% | | -100% | | -100% | | -68% |
| 2004 | 3.517.814 | | 8.278 | | 2.220 | | 27% | |
| | | 26% | | 0% | | 0% | | 0% |
| 2005 | 4.419.154 | | | | | | | |
| | | **14%** | | | | | | |
| 2006 | 5.050.731 | | | | | | | |


## S-VII - Plastics and rubber

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 2.865.696 | | 2.850.836 | | 2.488.977 | | 87% | |
| | | 3% | | 3% | | 3% | | 0% |
| 2002 | 2.946.752 | | 2.931.853 | | 2.556.261 | | 87% | |
| | | 7% | | -12% | | -16% | | -5% |
| 2003 | 3.153.412 | | 2.594.255 | | 2.147.518 | | 83% | |
| | | 12% | | -100% | | -100% | | -68% |
| 2004 | 3.517.814 | | 8.278 | | 2.220 | | 27% | |
| | | 26% | | 0% | | 0% | | 0% |
| 2005 | 4.419.154 | | | | | | | |
| | | **14%** | | | | | | |
| 2006 | 5.050.731 | | | | | | | |

S-VIII -Skins, leather, saddlery and harness…

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 3.724.016 | | 113.032 | | 103.350 | | 91% | |
| | | -1% | | 2% | | 3% | | 1% |
| 2002 | 3.678.573 | | 115.087 | | 106.602 | | 93% | |
| | | -4% | | -10% | | -11% | | -1% |
| 2003 | 3.522.238 | | 103.293 | | 94.942 | | 92% | |
| | | 13% | | 3% | | 1% | | -2% |
| 2004 | 3.973.470 | | 106.211 | | 95.424 | | 90% | |
| | | 16% | | 31% | | 32% | | 0% |
| 2005 | 4.607.530 | | 139.327 | | 125.792 | | 90% | |
| | | **12%** | | 0% | | 0% | | 0% |
| 2006 | 5.160.298 | | | | | | | |

S-IX - Wood

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 821.111 | | 274.785 | | 245.159 | | 89% | |
| | | 9% | | 13% | | 15% | | 2% |
| 2002 | 895.349 | | 310.911 | | 281.652 | | 91% | |
| | | 11% | | 13% | | 5% | | -7% |
| 2003 | 992.101 | | 351.465 | | 296.002 | | 84% | |
| | | 27% | | 26% | | 19% | | -6% |
| 2004 | 1.262.745 | | 444.499 | | 352.986 | | 79% | |
| | | 30% | | 35% | | 32% | | -2% |
| 2005 | 1.639.548 | | 599.075 | | 467.492 | | 78% | |
| | | **23%** | | 0% | | 0% | | 0% |
| 2006 | 2.009.004 | | | | | | | |

## S-X - Pulp of wood and paper

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 628.806 | | 483.589 | | 400.858 | | 83% | |
| | | 4% | | 3% | | 2% | | 0% |
| 2002 | 654.361 | | 496.424 | | 410.859 | | 83% | |
| | | 17% | | 14% | | 5% | | -8% |
| 2003 | 764.202 | | 565.272 | | 432.325 | | 76% | |
| | | 25% | | 0% | | 0% | | 0% |
| 2004 | 955.330 | | | | | | | |
| | | 30% | | | | | | |
| 2005 | 1.242.651 | | | | | | | |
| | | **18%** | | | | | | |
| 2006 | 1.471.268 | | | | | | | |

## S-XI - Textiles

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 10.412.647 | | 1.191.921 | | 801.315 | | 67% | |
| | | 9% | | 13% | | 20% | | 6% |
| 2002 | 11.360.730 | | 1.343.195 | | 960.150 | | 71% | |
| | | 9% | | 0% | | 0% | | 1% |
| 2003 | 12.331.611 | | 1.336.772 | | 964.263 | | 72% | |
| | | 18% | | 27% | | 22% | | -4% |
| 2004 | 14.599.958 | | 1.694.421 | | 1.178.216 | | 70% | |
| | | 45% | | 22% | | 28% | | 4% |
| 2005 | 21.097.811 | | 2.075.649 | | 1.503.251 | | 72% | |
| | | **12%** | | 0% | | 0% | | 0% |
| 2006 | 23.690.388 | | | | | | | |

## S-XII - Footwear, headgear, umbrellas, feathers….

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | Preferential Imports X € 1,000 | Utilisation Rate |
|---|---|---|---|---|---|
| 2001 | 3.117.565 | | | | |
| | | 0% | | | |
| 2002 | 3.129.477 | | | | |
| | | 8% | | | |
| 2003 | 3.385.220 | | | | |
| | | 17% | | | |
| 2004 | 3.969.689 | | | | |
| | | 53% | | | |
| 2005 | 6.060.441 | | | | |
| | | **12%** | | | |
| 2006 | 6.768.891 | | | | |

## S-XIII - Articles of stone, ceramic products and glass

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 1.067.456 | | | | | | | |
| | | 2% | | | | | | |
| 2002 | 1.092.798 | | | | | | | |
| | | 17% | | | | | | |
| 2003 | 1.279.707 | | | | | | | |
| | | 39% | | | | | | |
| 2004 | 1.780.000 | | | | | | | |
| | | 52% | | | | | | |
| 2005 | 2.698.044 | | | | | | | |
| | | **18%** | | | | | | |
| 2006 | 3.194.023 | | | | | | | |

## S-XIV - Pearls and precious metals

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 1.057.584 | | 531.292 | | 358.686 | | 68% | |
| | | 6% | | 15% | | 9% | | -5% |
| 2002 | 1.120.478 | | 612.532 | | 391.765 | | 64% | |
| | | 0% | | 6% | | 1% | | -5% |
| 2003 | 1.119.559 | | 647.267 | | 394.852 | | 61% | |
| | | 30% | | 36% | | 30% | | -4% |
| 2004 | 1.454.187 | | 880.015 | | 515.185 | | 59% | |
| | | 12% | | 0% | | 0% | | 0% |
| 2005 | 1.628.255 | | | | | | | |
| | | **30%** | | | | | | |
| 2006 | 2.111.016 | | | | | | | |

## S-XV - Base metals

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 4.029.972 | | 27.826 | | 19.332 | | 69% | |
| | | 4% | | 30% | | 29% | | -1% |
| 2002 | 4.173.334 | | 36.044 | | 24.842 | | 69% | |
| | | 13% | | 37% | | 55% | | 13% |
| 2003 | 4.698.336 | | 49.446 | | 38.563 | | 78% | |
| | | 43% | | 196% | | 229% | | 11% |
| 2004 | 6.709.072 | | 146.560 | | 126.779 | | 87% | |
| | | 32% | | 4% | | 6% | | 1% |
| 2005 | 8.830.684 | | 152.703 | | 134.023 | | 88% | |
| | | **51%** | | 0% | | 0% | | 0% |
| 2006 | 13.378.347 | | | | | | | |

## S-XVI - Machinery and equipment

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 26.756.604 | | 11.986.910 | | 7.845.426 | | 65% | |
| | | 15% | | 13% | | 24% | | 10% |
| 2002 | 30.676.747 | | 13.580.259 | | 9.740.285 | | 72% | |
| | | 28% | | -7% | | -6% | | 2% |
| 2003 | 39.373.054 | | 12.579.911 | | 9.197.245 | | 73% | |
| | | 44% | | -82% | | -96% | | -79% |
| 2004 | 56.751.950 | | 2.314.158 | | 356.936 | | 15% | |
| | | 22% | | 0% | | 0% | | 0% |
| 2005 | 69.398.322 | | | | | | | |
| | | **25%** | | | | | | |
| 2006 | 86.717.772 | | | | | | | |

## S-XVIII - Optical, clocks and watches , musical equipment

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 3.659.216 | | 3.059.486 | | 1.572.102 | | 51% | |
| | | 13% | | 8% | | 12% | | 4% |
| 2002 | 4.124.228 | | 3.307.320 | | 1.761.458 | | 53% | |
| | | 1% | | -17% | | -16% | | 1% |
| 2003 | 4.155.083 | | 2.739.666 | | 1.477.767 | | 54% | |
| | | 14% | | -74% | | -90% | | -62% |
| 2004 | 4.718.360 | | 725.132 | | 149.738 | | 21% | |
| | | 17% | | 0% | | 0% | | 0% |
| 2005 | 5.535.322 | | | | | | | |
| | | **27%** | | | | | | |
| 2006 | 7.045.400 | | | | | | | |

## S-XX - Miscellaneous

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 9.439.667 | | 3.949 | | 19 | | 0% | |
| | | 11% | | 0% | | 0% | | 0% |
| 2002 | 10.460.090 | | | | | | | |
| | | 15% | | | | | | |
| 2003 | 12.052.871 | | | | | | | |
| | | 11% | | | | | | |
| 2004 | 13.400.073 | | | | | | | |
| | | 26% | | | | | | |
| 2005 | 16.850.643 | | | | | | | |
| | | **13%** | | | | | | |
| 2006 | 19.074.372 | | | | | | | |

India

S-XI - Textiles

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 4.156.700 | | 2.731.391 | | 2.358.366 | | 86% | |
| | | -4% | | 1% | | 4% | | 3% |
| 2002 | 4.004.997 | | 2.765.606 | | 2.448.872 | | 89% | |
| | | 0% | | 2% | | 0% | | -2% |
| 2003 | 3.995.334 | | 2.819.797 | | 2.439.034 | | 86% | |
| | | 9% | | 10% | | 8% | | -2% |
| 2004 | 4.370.590 | | 3.095.566 | | 2.624.997 | | 85% | |
| | | 20% | | 26% | | 28% | | 2% |
| 2005 | 5.250.337 | | 3.886.814 | | 3.355.942 | | 86% | |
| | | **14%** | | 14% | | 15% | | 1% |
| 2006 | 5.960.891 | | 4.446.579 | | 3.875.834 | | 87% | |

S-XIV - Pearls and precious metals

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 1.420.254 | | 253.842 | | 227.817 | | 90% | |
| | | 9% | | 12% | | 12% | | 0% |
| 2002 | 1.545.664 | | 283.849 | | 255.285 | | 90% | |
| | | -6% | | 1% | | -2% | | -3% |
| 2003 | 1.454.473 | | 286.566 | | 249.861 | | 87% | |
| | | 14% | | 7% | | 9% | | 1% |
| 2004 | 1.660.842 | | 307.488 | | 271.550 | | 88% | |
| | | 15% | | 17% | | 12% | | -4% |
| 2005 | 1.901.881 | | 358.616 | | 305.085 | | 85% | |
| | | **9%** | | 0% | | 0% | | 0% |
| 2006 | 2.075.055 | | | | | | | |

# Thailand

## S-XIV - Pearls and precious metals

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 763.867 | | | | | | | |
| | | 3% | | | | | | |
| 2002 | 785.402 | | | | | | | |
| | | -7% | | | | | | |
| 2003 | 730.477 | | | | | | | |
| | | 16% | | | | | | |
| 2004 | 846.525 | | | | | | | |
| | | 10% | | | | | | |
| 2005 | 930.355 | | | | | | | |
| | | **10%** | | | | | | |
| 2006 | 1.024.867 | | | | | | | |

## S-XVII - Transport equipment

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 1.158.155 | | 1.116.327 | | 966.799 | | 87% | |
| | | -6% | | -4% | | 3% | | 8% |
| 2002 | 1.093.554 | | 1.066.164 | | 996.912 | | 94% | |
| | | -16% | | -31% | | -41% | | -15% |
| 2003 | 913.255 | | 736.384 | | 583.229 | | 79% | |
| | | -5% | | 12% | | -2% | | -12% |
| 2004 | 865.252 | | 823.552 | | 572.890 | | 70% | |
| | | 27% | | 25% | | 33% | | 6% |
| 2005 | 1.101.071 | | 1.032.096 | | 763.784 | | 74% | |
| | | **4%** | | 0% | | 0% | | 0% |
| 2006 | 1.141.338 | | | | | | | |

## Russia

## S-VI - Products of chemical industries

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 1.951.788 | | 685.986 | | 386.362 | | 56% | |
| | | -6% | | -15% | | -11% | | 5% |
| 2002 | 1.836.665 | | 584.019 | | 343.942 | | 59% | |
| | | 10% | | -33% | | -20% | | 18% |
| 2003 | 2.028.744 | | 392.629 | | 273.797 | | 70% | |
| | | 36% | | 114% | | 65% | | -23% |
| 2004 | 2.761.045 | | 840.013 | | 451.725 | | 54% | |
| | | 27% | | 25% | | 35% | | 8% |
| 2005 | 3.501.533 | | 1.050.782 | | 609.392 | | 58% | |
| | | **8%** | | 0% | | 0% | | 0% |
| 2006 | 3.781.964 | | | | | | | |

## S-X - Pulp of wood and paper

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 501.642 | | 318.565 | | 267.603 | | 84% | |
| | | -13% | | -63% | | -62% | | 1% |
| 2002 | 438.189 | | 119.145 | | 101.381 | | 85% | |
| | | -11% | | -1% | | -16% | | -15% |
| 2003 | 390.472 | | 118.261 | | 85.215 | | 72% | |
| | | 23% | | 0% | | 0% | | 0% |
| 2004 | 480.037 | | | | | | | |
| | | 13% | | | | | | |
| 2005 | 542.563 | | | | | | | |
| | | **3%** | | | | | | |
| 2006 | 558.995 | | | | | | | |

## S-XV - Base metals

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 5.459.841 | | 251.535 | | 216.827 | | 86% | |
| | | -10% | | 0% | | 0% | | 0% |
| 2002 | 4.907.476 | | 250.688 | | 216.492 | | 86% | |
| | | 13% | | 190% | | 4% | | -64% |
| 2003 | 5.537.547 | | 726.357 | | 226.067 | | 31% | |
| | | 53% | | 23% | | 85% | | 50% |
| 2004 | 8.491.938 | | 896.435 | | 418.498 | | 47% | |
| | | 12% | | 11% | | 65% | | 49% |
| 2005 | 9.528.792 | | 992.644 | | 689.120 | | 69% | |
| | | **26%** | | 0% | | 0% | | 0% |
| 2006 | 12.009.755 | | | | | | | |

## South Africa

S-XVII - Transport equipment

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 980.006 | | 879.221 | | 627.872 | | 71% | |
| | | 14% | | 21% | | 26% | | 5% |
| 2002 | 1.115.171 | | 1.059.989 | | 792.782 | | 75% | |
| | | -18% | | -76% | | -80% | | -16% |
| 2003 | 910.388 | | 259.120 | | 162.014 | | 63% | |
| | | -15% | | 160% | | 236% | | 29% |
| 2004 | 776.327 | | 673.021 | | 544.687 | | 81% | |
| | | 1% | | 0% | | -1% | | -2% |
| 2005 | 787.160 | | 675.880 | | 537.487 | | 80% | |
| | | **8%** | | 0% | | 0% | | 0% |
| 2006 | 851.663 | | | | | | | |

Table 9

| | Graduated sections | Total imports x € 1,000 2005 | Total imports x € 1,000 2006 | increase 2006/2005 |
|---|---|---|---|---|
| 3 | Animal or vegetable fats, oils and waxes | 3.520.179,69 | 4.341.565,91 | 23,3% |
| 4 | Prepared foodstuffs products | 17.634.500,50 | 18.241.246,36 | 3,4% |
| 5 | Mineral products | 202.990.285,92 | 247.261.369,05 | 21,8% |
| 6 | Products of the chemical industries | 17.982.385,82 | 21.127.100,56 | 17,5% |
| 7 | Plastics and rubber | 11.305.803,69 | 13.785.968,87 | 21,9% |
| 8 | Skins, leather and saddlery | 7.828.649,91 | 8.833.600,54 | 12,8% |
| 9 | Wood | 8.430.344,82 | 9.061.252,79 | 7,5% |
| 10 | Pulpe of wood and paper | 4.504.347,05 | 5.097.664,39 | 13,2% |
| 11 | Textiles | 47.642.743,79 | 53.655.987,79 | 12,6% |
| 12 | Footwear, headgear, umbrellas and feathers | 11.106.232,60 | 12.308.549,45 | 10,8% |
| 13 | Articles of stone, glass and ceramic products | 4.274.161,42 | 4.856.454,71 | 13,6% |
| 14 | Pearls and precious metals | 17.645.641,33 | 19.249.980,65 | 9,1% |
| 15 | Base metals | 37.997.667,26 | 55.967.652,23 | 47,3% |
| 16 | Machinery and mechanical appliances | 112.628.643,75 | 129.175.624,47 | 14,7% |
| 17 | Transport equipment | 23.157.780,44 | 16.262.284,56 | -29,8% |
| 18 | Optical , musering and musical instrucments, clocks | 9.322.668,20 | 11.321.337,53 | 21,4% |
| 20 | Miscellaneous | 21.471.033,59 | 23.850.194,20 | 11,1% |
| Total | | 559.443.069,78 | 654.397.834,06 | 17,0% |

Table 10

GSP+

All products

| | Total Imports X € 1,000 | | Eligible Imports X € 1,000 | | Preferential Imports X € 1,000 | | Utilisation Rate | |
|---|---|---|---|---|---|---|---|---|
| 2001 | 13.020.441 | | 4.059.991 | | 2.774.779 | | 68% | |
| | | 9% | | 4% | | 8% | | 4% |
| 2002 | 14.232.381 | | 4.224.612 | | 2.990.057 | | 71% | |
| | | -8% | | -17% | | -14% | | 4% |
| 2003 | 13.125.378 | | 3.497.362 | | 2.585.871 | | 74% | |
| | | 17% | | 8% | | 4% | | -4% |
| 2004 | 15.342.847 | | 3.788.720 | | 2.696.532 | | 71% | |
| | | 17% | | 36% | | 42% | | 4% |
| 2005 | 17.969.919 | | 5.151.335 | | 3.831.297 | | 74% | |
| | | 25% | | 11% | | 15% | | 3% |
| 2006 | 22.444.579 | | 5.720.951 | | 4.401.988 | | 77% | |

Table 11

All products

| GSP+ Countries | 2005 | 2006 | | | |
|---|---|---|---|---|---|
| Sri Lanka | 618.999,91 | 937.521,93 | 51,5% | | |
| Bolivia | 17.110,77 | 25.121,24 | 46,8% | | |
| Panama | 67.278,95 | 95.478,33 | 41,9% | | |
| Moldova (Republic of) | 136.485,59 | 185.720,36 | 36,1% | | |
| Nicaragua | 21.873,20 | 28.411,13 | 29,9% | | |
| Honduras | 78.080,81 | 95.500,05 | 22,3% | average | 28,5% |
| Peru | 533.685,11 | 646.110,45 | 21,1% | | |
| Mongolia | 9.810,15 | 11.856,92 | 20,9% | | |
| El Salvador | 54.114,69 | 64.743,39 | 19,6% | | |
| Costa Rica | 344.728,44 | 407.138,63 | 18,1% | | |
| Guatemala | 114.404,22 | 134.398,64 | 17,5% | | |
| Ecuador | 662.100,64 | 769.661,87 | 16,2% | | |
| Colombia | 488.313,43 | 485.722,67 | -0,5% | | |
| Georgia | 95.572,82 | 77.013,15 | -19,4% | | |
| Venezuela | 588.737,86 | 437.589,70 | -25,7% | | |

**ANNEX II:**
**Consultation Report**

**CIVIL SOCIETY DIALOGUE MEETING**

**On**

**New Scheme of Generalised Tariff Preferences 2009-2011**

**8 May 2007**

**Lead Participants: Ms Iwona Idzikovska and Mr. Benny Berg Sorensen from DG Trade.**

**Introduction**

**Ms. Idzikowska from DG Trade** described a new scheme of generalized tariff preferences for 2009-2011. It was in 1968 that the United Nations Conference on Trade and Development (UNCTAD) recommended the creation of a "Generalized System of Tariff Preferences" under which industrialised countries would grant autonomous trade preferences to all developing countries. In 1971, the GATT Contracting Parties adopted the so-called "enabling clause", creating the legal framework for the Generalized System of Tariff Preferences, and authorising developed countries to establish individual "Generalized Schemes of Tariff Preferences". The European Community was the first to implement a GSP scheme, in 1971. Since then, the GSP has changed considerably, in many respects. In the early days, there were different regulations for different products, and these regulations were adopted on a yearly basis. Nowadays, there is only one GSP regulation, for all products, for all arrangements and for a period of at least 3 years.

In order to update it on a regular basis and to adjust it to the changing environment of the multilateral trading system, the EU's GSP would be implemented following a cycle of ten years. The present cycle began in 2006 and will expire in 2015. The guidelines for the function of the EU's GSP schemes in the cycle 2006-2015 were laid down in the Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee from 7 July 2004 on the function of the Community's generalised system of preferences for the ten year period from 2006-2015. The first GSP scheme of the present cycle, entered into force on 1 January 2006. It was laid down in Council Regulation (EC) No 980/2005 and would expire on the 31 December 2008.

The next scheme should enter into force on the 1 January 2009 and would apply until the end of 2011. Considering that the basic elements for the future GSP schemes had been settled until 2015 and that the concept of the GSP has recently been updated and accordingly redefined as from January 2006 to take into account the actual development needs and the WTO requirements, the Commission would propose only a technical revision of the currently applied scheme. A complete overhaul of the scheme was not envisaged.

**Discussion highlights:**

**Eurocommerce** stressed the importance of EU's GSP system and asked about the predictability and foreseeable timing of discussions. In addition, the representative asked which countries had been beneficiaries of the current GSP+ system and what the benefits are. **DG Trade** replied that there was an ongoing discussion with Member States. On timing and benefits it was stressed that 15 countries had been beneficiaries of the current GSP+ scheme and those countries, which would be interested to benefit from the GSP+ under the following GSP Regulation should apply by autumn 2008. On utilization grade of the GSP scheme DG Trade mentioned that it remained stable, as in parallel the majority of GSP countries continues to benefit in the access to the EU market from other preferential arrangements with the EU.

**Foreign Trade Association** asked about the possibility to apply a higher preferential margin for textiles and clothing and about rules of origin. **The Commission** stressed high sensitivities in textiles sector and added that was open to zero duty in the Doha Round but under the clear condition that all countries could do it likewise. The specific safeguard clause applicable until 2008 on textiles originating from China had been invoked so far by several countries with an inherent risk of deflection of textiles exports into the EU market, hence the EU measures valid until end of 2007. On the rules of origin, the Commission replied that the idea of new rules of origin based on a value-added approach as expressed in the 2005 communication was being discussed during the current EPA negotiations but it was not foreseeable to change the negotiating mandate in 2007. Rather, improvements could be negotiated at a later stage. A major difficulty would be to define exact percentages or thresholds. Decisions on a value-added approach for rules of origin would be taken following a thorough impact assessment. A first candidate for application of modified rules could be the renewed GSP regulation as from 2009.

**European Importers and Agricultural Retailers** expressed their strong affinity to a system of government issued or controlled licences in developing countries. The representative also stated that a new system of value-added criteria seemed very complicated especially with respect to agricultural products. In their opinion the current system was simpler and working well so there was no need to replace it. In addition, representatives from the European Importers and Agricultural Retailers and the **European Starch Association** stressed that they favoured current the status quo on current rules of origin. In addition the representative from the European Starch Association asked if the Commission had an intention of adding new products to the GSP scheme. On registered exporters and value added system **the Commission** replied that various Directorates Generals were undertaking assessments in different product areas. On the list of products, the Commission replied that the objective was not to change the substance of the GSP scheme.

**European Food Traders Association** asked how and to what extent the Commission intended to take the ILO and environmental rules in the context of negotiations. **The Commission** replied that social instruments such as environmental and social standards in GSP+ were instruments of support and encouragement as opposed to a sanction approach. However, if a country systematically and seriously violated the standards the EU would become cautious and would act on the basis of monitoring results and the assessment of the relevant international organization.

**Eurocommerce** asked about the predictability of GSP+ system and what was in the Commission view the best choice for a trader among various existing schemes (i.e. GSP, MNF, GSP+ or ACP). He also asked about the cooperation between the Commission and Member States expressing his fear that discussion would cause delay in entering into force of the GSP scheme. **The Commission** replied that importers had right to be informed and that was why the new GSP Regulation was planned to be published well in advance. In addition, the Commission provided some degree of security by establishing a system for three years.

In conclusion, the Commission thanked participants for the discussion. Good note had been taken of the strong interest of participants in issues relating to rules of origin. A specific meeting on this topic could be organised if there was demand in this regard.