

## **Introductory statement**

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.

Other provisions allow the preferences to be targeted better at the countries which need them most. Beneficiary countries which have succeeded in developing their economy, to a point where they are able to face international competition without trade preferences, may be removed from the list of eligible countries. Sections of goods which have proved to be internationally competitive may be graduated; in other words the preference may be removed

However, some developing countries face particular problems. Special arrangements were established, in order to address the special needs of these countries. At the same time, the concept of development has evolved. Over the past decade, the focus has shifted to the concept of sustainable development. Accordingly, there is a new arrangement in place, which is meant to promote sustainable economic and social development by fostering the respect of fundamental human/labour rights, environmental protection and good governance.

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 is 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 are 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 is laid down in Council Regulation (EC) No 980/2005 and will expire on the 31 December 2008.

The next scheme will enter into force on the 1 January 2009 and will apply until the end of 2011. Considering that the basic elements for the future GSP schemes are 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 will propose only a technical revision of the currently applied scheme. A complete overhaul of the scheme is not envisaged.