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(Acts whose publication is obligatory)

COUNCIL REGULATION (EC) No 2501/2001

of 10 December 2001

applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the Opinion of the Economic and Social Committee ⁽³⁾,

Whereas:

(1) Since 1971, the Community has granted trade preferences to developing countries, in the framework of its scheme of generalised tariff preferences.

(2) The Community's common commercial policy must be consistent with and consolidate the objectives of development policy, in particular the eradication of poverty and the promotion of sustainable development in the developing countries.

(3) A communication from the Commission to the Council of 1 June 1994 sets out the guidelines for the application of the scheme of generalised tariff preferences for the period 1995 to 2004.

(4) Regulation (EC) No 2820/98 ⁽⁴⁾ implements the scheme of generalised tariff preferences until 31 December 2001. Thereafter, the scheme should continue to apply until 31 December 2004, in accordance with the guidelines.

(5) The scheme should incorporate the provisions of Regulation (EC) No 416/2001 extending duty-free access without any quantitative restrictions to products originating in the least developed countries. The benefit of this arrangement should be granted to all countries

recognized and classified by the United Nations as least developed countries.

(6) The special arrangements to combat drug production and trafficking should be closely monitored.

(7) Preferences should be differentiated according to the sensitivity of products. It would be sufficient to differentiate between two product categories, non-sensitive and sensitive products.

(8) Tariff duties on non-sensitive products should continue to be suspended, while duties on sensitive products should enjoy a tariff reduction.

(9) Such reduction should be sufficiently attractive in order to motivate traders to use the opportunities offered by the scheme. As far as *ad valorem* duties are concerned, the reduction should therefore be a flat rate of 3,5 percentage points of the most favoured nation (MFN) duty rate. Specific duties should be reduced by 30 %. Where duties specify a minimum duty, that minimum duty should not apply.

(10) Where preferential duty rates, calculated in accordance with Regulation (EC) 2820/98, provide a higher tariff reduction, they should continue to apply.

(11) Duties should be totally suspended where preferential treatment results in *ad valorem* duties of 1 % or less or in specific duties of EUR 2 or less.

(12) The provisions on the exclusion of beneficiary countries on grounds of the degree of their development should be applied once a year. However, countries should be excluded only where they meet the criteria for exclusion during three consecutive years, and they should be readmitted where they do not meet those criteria during three consecutive years.

(13) During the first year of application of this Regulation, the countries previously excluded should remain excluded.

⁽¹⁾ OJ C 270 E, 25.9.2001, p. 24.

⁽²⁾ Opinion delivered on 29.11.2001 (not yet published in the Official Journal).

⁽³⁾ OJ C 311, 7.11.2001, p. 47.

⁽⁴⁾ OJ L 357, 30.12.1998, p. 1. Regulation as last amended by Regulation (EC) No 416/2001 (OJ L 60, 1.3.2001, p. 43).

- (14) The provisions on graduation of sectors should be applied once a year. However, sectors should be graduated only where they meet the criteria for graduation during three consecutive years, and they should be readmitted where they do not meet those criteria during three consecutive years.
- (15) During the first year of application of this Regulation, the sectors previously graduated should remain graduated.
- (16) The tariff preferences under the special incentive arrangements should be as high as the preferences offered under the general arrangements, thus doubling the latter.
- (17) The special incentive arrangements should grant tariff preferences in all sectors that had been graduated, equivalent to the preferences available under the general arrangements.
- (18) The special incentive arrangements for the protection of labour rights should require effective application of all standards referred to in the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work.
- (19) The available assessments, comments, decisions, recommendations and conclusions of the various supervisory bodies of the ILO, including in particular Article 33 procedures should, serve as the point of departure for the examination of requests for the special incentive arrangements for the protection of labour rights, as well as for the investigation as to whether temporary withdrawal is justified on the grounds of violations of ILO Conventions.
- (20) The general rules concerning proof of origin and methods of administrative cooperation laid down in Commission Regulation (EEC) No 2454/93 ⁽¹⁾ and the rules concerning the customs debt, in particular Article 220(2)(b) of Regulation (EEC) No 2913/92 ⁽²⁾, apply to tariff preferences, including those granted under the special incentive arrangements for the protection of labour rights.
- (21) The special incentive arrangements for the protection of the environment should take into account new developments concerning internationally agreed standards and certification schemes.
- (22) The reasons for temporary withdrawal should include serious and systematic violation of any standards referred to in the ILO Declaration on Fundamental Principles and Rights at Work.
- (23) Temporary withdrawal of all tariff preferences in respect of imports of products originating in Myanmar should remain in force.
- (24) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽³⁾,

HAS ADOPTED THIS REGULATION:

Article 1

1. The Community scheme of generalised tariff preferences shall apply during the years 2002, 2003 and 2004 in accordance with this Regulation.
2. This Regulation provides for:
 - (a) general arrangements,
 - (b) special incentive arrangements for the protection of labour rights,
 - (c) special incentive arrangements for the protection of the environment,
 - (d) special arrangements for least developed countries, and
 - (e) special arrangements to combat drug production and trafficking,

TITLE I

GENERAL PROVISIONS

Article 2

The beneficiary countries of each of the arrangements referred to in Article 1(2) are listed in Annex I.

Article 3

1. A beneficiary country shall be removed from Annex I where it has met, during three consecutive years, both the following criteria:

- the country is classified by the World Bank as a high-income country,

⁽¹⁾ OJ L 253, 11.10.1993, p. 1. Regulation as last amended by Regulation (EC) No 993/2001 (OJ L 141, 28.5.2001, p. 1).

⁽²⁾ OJ L 302, 19.10.1992, p. 1. Regulation as last amended by Regulation (EC) No 2700/2000 (OJ L 311, 12.12.2000, p. 17).

⁽³⁾ OJ L 184, 17.7.1999, p. 23.

— the country's development index, as defined in Annex II, is higher than - 1.

2. Where a country or territory, which had been removed from Annex I, has not met, during three consecutive years, the criteria set out in paragraph 1, it shall again be included in Annex I.

3. On the basis of the most recent data available on 1 September of each year, the Commission shall establish which beneficiary countries meet the conditions set out in paragraphs 1 and 2.

4. The Commission shall publish a notice in the *Official Journal of the European Communities*, listing the beneficiary countries which meet the criteria set out in paragraph 1 in respect of the most recent year for which data are available.

5. Upon the entry into force of this Regulation, and before the end of each year, the Commission shall decide, in accordance with the procedure referred to in Article 38, to remove from Annex I the beneficiary countries which meet the condition set out in paragraph 1 and to include those which meet the condition set out in paragraph 2.

6. The first decision taken in accordance with paragraph 5 shall enter into force on 1 January 2003. Subsequently, decisions taken in accordance with paragraph 5 shall enter into force on 1 January of the second year following the one during which they were taken.

7. The Commission shall notify a decision taken in accordance with paragraph 5 to the beneficiary country concerned and inform it of the date on which that decision enters into force.

Article 4

The products included in the arrangements referred to in Article 1(2)(a), (b), (c) and (e) are listed in Annex IV.

Article 5

1. The tariff preferences provided for by this Regulation shall apply to imports of products included in the arrangements enjoyed by the beneficiary country in which they originate.

2. The rules concerning the definition of the concept of originating products, the proof of origin and the methods of administrative cooperation, for the purposes of the arrangements referred to in Article 1(2) of this Regulation, are laid down in Commission Regulation (EEC) No 2454/93.

3. Regional cumulation within the meaning of Commission Regulation (EEC) No 2454/93 shall also apply where a product used in further manufacture in a country belonging to a regional group originates in another country of the group, which does not benefit from the arrangements applying to the final product, provided that both countries benefit from regional cumulation for that group.

Article 6

For the purposes of this Regulation:

- (a) 'Common Customs Tariff duties' shall mean the duties specified in Part Two of Annex I to Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff ⁽¹⁾, except those duties set up within the framework of tariff quotas;
- (b) 'sector' shall mean any of the sectors of products listed in Annex III;
- (c) 'Committee' shall mean the Committee referred to in Article 37.

TITLE II

TARIFF PREFERENCES

Section 1

General arrangements

Article 7

1. Common Customs Tariff duties on products listed in Annex IV as non-sensitive products shall be entirely suspended, except for agricultural components.

2. Common Customs Tariff *ad valorem* duties on products listed in Annex IV as sensitive products shall be reduced by 3,5 percentage points. For products of Chapters 50 to 63, this reduction shall be 20 %.

3. Where preferential duty rates, calculated in accordance with Article 2 of Regulation (EC) No 2820/98 on Common Customs Tariff *ad valorem* duties applicable on 31 December 2001, provide a tariff reduction, for the products referred to in paragraph 2 of this Article, of more than 3,5 percentage points, these preferential duty rates shall apply as long as the reduction is higher than 3,5 percentage points.

4. Common Customs Tariff specific duties other than minimum or maximum duties on products listed in Annex IV as sensitive products shall be reduced by 30 %. For products of CN code 2207, the reduction shall be 15 %.

5. Where Common Customs Tariff duties on products listed in Annex IV as sensitive products include *ad valorem* duties and specific duties, the specific duties shall not be reduced.

⁽¹⁾ OJ L 256, 7.9.1987, p. 1. Regulation as last amended by Regulation (EC) No 2031/2001 (OJ L 279, 23.10.2001, p. 1).

6. Where duties reduced in accordance with paragraphs 2 and 4 specify a maximum duty, that maximum duty shall not be reduced. Where such duties specify a minimum duty, that minimum duty shall not apply.

7. The tariff preferences referred to in paragraphs 1 to 4 shall not apply to products of sectors which according to column C of Annex I are not included in the general arrangements for the country of origin concerned.

8. The tariff preferences referred to in paragraphs 1 to 4 shall not apply to products of sectors in respect of which those tariff preferences have been removed, for the country of origin concerned, according to column D of Annex I or a decision taken subsequently in accordance with Article 12.

Section 2

Special incentive arrangements

Article 8

1. Subject to the provisions of Title III, Common Customs Tariff duties on products referred to in Article 7:

- (a) which belong to sectors which, according to Annex I, are included, for the country of origin concerned, in the special incentive arrangements for the protection of labour rights, or
- (b) which, according to Annex IV are included in the special incentive arrangements for the protection of the environment and which originate in a country which, according to Annex I, enjoys those arrangements,

shall be further reduced in accordance with this Article.

2. Common Customs Tariff duties on products to which the tariff preferences referred to in the first sentence of Article 7(2) apply, shall be further reduced by another 5 percentage points. Common Customs Tariff duties on products to which the tariff preferences referred to in Article 7(3) apply, shall be further reduced by an additional amount so as to provide a total reduction of 8,5 percentage points. Where preferential duty rates, calculated in accordance with Article 2 of Regulation (EC) No 2820/98 on Common Customs Tariff *ad valorem* duties applicable on 31 December 2001, provide a tariff reduction of more than 8,5 percentage points, these preferential duty rates shall apply as long as the reduction is higher than 8,5 percentage points.

3. Common Customs Tariff duties on products to which the tariff preferences referred to in the second sentence of Article 7(2) or those referred to in Article 7(4) apply, shall be further reduced by the same amount.

4. Common Customs Tariff duties on products which meet both criteria set out in paragraph 1(a) and (b) shall be further reduced in accordance with paragraphs 2 and 3.

5. The special incentive arrangements for the protection of labour rights shall not include sectors which, according to column C of Annex I, are not included in the general arrangements for the country of origin concerned.

6. The additional tariff preferences referred to in paragraphs 2 and 3 shall not apply to products to which the tariff preferences referred to in Article 7(1) to (4) do not apply according to Article 7(8). Where such products meet either of the criteria set out in paragraph 1(a) and (b), the tariff preferences referred to in Article 7(1) to (4) shall apply, notwithstanding Article 7(8). The certificate of origin Form A or the invoice declaration for such products shall be valid only in respect of the tariff preferences referred to in Article 7.

Section 3

Special arrangements for least developed countries

Article 9

1. Without prejudice to paragraphs 2 to 4, Common Customs Tariff duties on all products of Chapters 1 to 97, except those of Chapter 93 thereof, originating in a country that according to Annex I benefits from the special arrangements for least developed countries, shall be entirely suspended.

2. Common Customs Tariff duties on the products of CN code 0803 00 19 shall be reduced by 20 % annually starting on 1 January 2002. They shall be entirely suspended as from 1 January 2006.

3. Common Customs Tariff duties on the products of tariff heading 1006 shall be reduced by 20 % on 1 September 2006, by 50 % on 1 September 2007 and by 80 % on 1 September 2008. They shall be entirely suspended as from 1 September 2009.

4. Common Customs Tariff duties on the products of tariff heading 1701 shall be reduced by 20 % on 1 July 2006, by 50 % on 1 July 2007 and by 80 % on 1 July 2008. They shall be entirely suspended as from 1 July 2009.

5. Until Common Customs Tariff duties are entirely suspended in accordance with paragraphs 3 and 4, a global tariff quota at zero duty shall be opened for every marketing year for products of tariff heading 1006 and subheading 1701 11 10 respectively, originating in the countries benefiting from these special arrangements. The initial tariff quotas for the marketing year 2001/2002 shall be equal to 2 517 tonnes, husked rice equivalent, for products of tariff heading 1006, and 74 185 tonnes, white sugar equivalent, for products of subheading 1701 11 10. For each of the following marketing years, the quotas shall be increased by 15 % over the quotas of the previous marketing year.

6. The Commission shall adopt detailed rules governing the opening and administration of the quotas referred to in paragraph 5, in accordance with the procedure referred to in Article 38. In opening and administering these quotas, the Commission shall be assisted by the management committees for the relevant common market organisations.

Section 4

Special arrangements to combat drug production and trafficking

Article 10

1. Common Customs Tariff *ad valorem* duties on products which, according to Annex IV, are included in the special arrangements to combat drug production and trafficking referred to in Title IV and which originate in a country that according to Column I of Annex I benefits from those arrangements, shall be entirely suspended. For products of CN code 0306 13, the duty shall be reduced to a rate of 3,6 %.

2. Common Customs Tariff specific duties on products referred to in paragraph 1 shall be entirely suspended, except for products for which Common Customs Tariff duties also include *ad valorem* duties. For products of CN codes 1704 10 91 and 1704 10 99, the specific duty shall be limited to 16 % of the customs value.

Section 5

Common provisions

Article 11

Tariff preferences on products which are subject to anti-dumping or countervailing measures under Regulations (EC) No 384/96 ⁽¹⁾ or (EC) No 2026/97 ⁽²⁾, imposed after the entry into force of this Regulation and based on the injury margin, shall be limited to the tariff preferences reflected by the import prices from which that injury margin was derived.

Article 12

1. The tariff preferences referred to in Articles 7 and 10 shall be removed in respect of products originating in a beneficiary country, of a sector which has met, during three consecutive years, either of the following criteria:

(a) — the country's development index, as defined in Annex II, is higher than – 2, and

— Community imports from that country of all products of the sector concerned and included in the arrangements enjoyed by that country exceed 25 % of Community imports of the same products from all countries and territories listed in Annex I;

(b) — the country's development index, as defined in Annex II, is higher than – 2, and

— the specialisation index of the sector concerned is higher than the threshold corresponding to that country's development index, as defined in Annex II, and

— Community imports from that country of all products of the sector concerned and included in the arrangements enjoyed by that country exceed 2 % of Community imports of the same products from all countries and territories listed in Annex I.

2. Where a sector, in respect of which tariff preferences had been removed according to column D of Annex I or to a decision taken subsequently in accordance with this Article, has not met, during three consecutive years, either of the criteria set out in paragraph 1, the tariff preferences shall be re-established.

3. On the basis of the most recent data available on 1 September of each year, the Commission shall establish which sectors meet the conditions laid down in paragraphs 1 and 2.

4. The Commission shall publish a notice in the *Official Journal of the European Communities*, listing the sectors which meet the criteria set out in paragraph 1 in respect of the most recent year for which data are available.

5. Upon the entry into force of this Regulation, and before the end of each year, the Commission shall decide, in accordance with the procedure referred to in Article 38, to remove tariff preferences in respect of sectors which meet the condition set out in paragraph 1 and to re-establish tariff preferences for sectors which meet the condition set out in paragraph 2.

6. The first decision taken in accordance with paragraph 5 shall enter into force on 1 January 2003. Subsequently, decisions taken in accordance with paragraph 5 shall enter into force on 1 January of the second year following the one during which they were taken.

7. The Commission shall notify a decision taken in accordance with paragraph 5 to the beneficiary country concerned and inform it of the date on which that decision enters into force.

Article 13

1. Where the rate of an *ad valorem* duty reduced in accordance with the provisions of this Title is 1 % or less, that duty shall be entirely suspended.

2. Where the rate of a specific duty reduced in accordance with the provisions of this Title is EUR 2 or less per individual euro amount, that duty shall be entirely suspended.

⁽¹⁾ OJ L 56, 6.3.1996, p. 1. Regulation as last amended by Regulation (EC) No 2238/2000 (OJ L 257, 11.10.2000, p. 2).

⁽²⁾ OJ L 288, 21.10.1997, p. 1.

3. Subject to paragraphs 1 and 2, the final rate of preferential duty calculated in accordance with this Regulation shall be rounded down to the first decimal place.

TITLE III

SPECIAL INCENTIVE ARRANGEMENTS

Section 1

Special incentive arrangements for the protection of labour rights

Article 14

1. The tariff preferences referred to in Article 8(1) shall apply to products originating in a country which according to Annex I benefits from the special incentive arrangements for the protection of labour rights, or which has subsequently been granted those arrangements by a decision taken in accordance with Article 18, for the sector concerned, provided that the products are accompanied by the statement referred to in Article 19.

2. The special incentive arrangements for the protection of labour rights may be granted to a country the national legislation of which incorporates the substance of the standards laid down in ILO Conventions No 29 and No 105 on forced labour, No 87 and No 98 on the freedom of association and the right to collective bargaining, No 100 and No 111 on non-discrimination in respect of employment and occupation, and No 138 and No 182 on child labour and which effectively applies that legislation.

Article 15

1. The special incentive arrangements for the protection of labour rights shall be granted provided that:

- they are requested by a country or territory listed in Annex I,
- examination of the request shows that the requesting country fulfils the condition laid down in Article 14(2),
- the requesting country has given an undertaking to monitor the application of the special incentive arrangements and to provide the necessary administrative cooperation,
- the requesting country has given the agreement referred to in Article 17.

2. The requesting country shall submit its request to the Commission in writing and shall provide comprehensive information concerning:

— the national legislation referred to in Article 14(2), the measures taken to implement it and to monitor its application,

— any sectors in which that legislation is not applied.

3. The full official text of the legislation referred to in Article 14(2) and of the implementing measures shall be attached to the request.

4. Where the legislation referred to in Article 14(2) is not applied in certain sectors, a country may request the special incentive arrangements only for those sectors in which it is applied.

Article 16

1. Where the Commission receives a request accompanied by the information referred to in Article 15(2), it shall publish a notice in the *Official Journal of the European Communities*, announcing that request. The notice shall state that any relevant information concerning that request may be sent to the Commission and it shall specify the period within which interested parties may make their views known in writing.

2. The Commission shall examine the request. It may ask the requesting country any questions which it considers relevant and may verify the information received with the requesting country or any natural or legal person.

3. The Commission may carry out assessments in the requesting country. The Commission may be assisted in this task by the Member States.

4. The Commission shall inform the requesting country of its assessments. Where the requesting country needs an additional period of time before it fulfils the conditions laid down in Article 14(2), it may ask the Commission to postpone the decision referred to in Article 18(1) accordingly. The Commission shall take a decision on postponement in accordance with the procedure laid down in Article 39.

5. The examination of a request shall be completed within a year of the date of publication of the notice referred to in paragraph 1. The Commission may extend this period, after informing the Committee.

6. The Commission shall submit its findings to the Committee.

Article 17

During the examination of the request, the Commission shall determine, in agreement with the requesting country,

- (a) the authorities of that country that will be in charge of the administrative cooperation,
- (b) the authorities of that country that will be in charge of issuing the statement referred to in Article 19.

Article 18

1. The Commission shall decide, in accordance with the procedure referred to in Article 38, whether to grant a requesting country the special incentive arrangements for the protection of labour rights.
2. Where a request was made in accordance with Article 15(4) or where the examination referred to in Article 16 shows that in some sectors the legislation referred to in Article 14(2) is not applied, the special arrangements may be granted only for the sectors in which it is applied.
3. The Commission shall notify a requesting country of a decision taken in accordance with paragraph 1. Where a country is granted the special incentive arrangements, it shall be informed of the date on which that decision enters into force.
4. Where a requesting country is not granted the special incentive arrangements or where some sectors are excluded, the Commission shall explain the reasons if that country so requests.
5. The Commission shall conduct all relations with a requesting country concerning the request in close coordination with the Committee.

Article 19

1. The tariff preferences referred to in Article 8(1) shall apply provided that the products concerned are accompanied by a statement issued by the authorities referred to in Article 17(b), certifying that those products have been manufactured in the country of origin under conditions complying with the legislation referred to in Article 14(2). This statement shall be validated by a stamp of the issuing authority, in accordance with Regulation (EEC) No 2454/93.
2. The statement referred to in paragraph 1 shall mention: 'ILO Conventions No 29, No 87, No 98, No 100, No 105, No 111, No 138, No 182 — Title III, Section 1, of Council Regulation (EC) No 2501/2001', and shall be entered in box 4 of the certificate of origin Form A or on the invoice declaration referred to in Commission Regulation (EEC) No 2454/93.

Article 20

1. The provisions of Regulation (EEC) No 2454/93 concerning the proof of origin and the methods of administrative cooperation shall apply *mutatis mutandis* to the statement referred to in Article 19, as far as beneficiary countries are concerned.

2. The Commission, in accordance with the procedure referred to in Article 39, may review the non-exhaustive list of criteria specifying cases of reasonable doubt which may arise concerning compliance with the special incentive arrangements ⁽¹⁾. Any changes to that list shall be published in the *Official Journal of the European Communities*.

3. Where a second communication is sent for the purpose of the subsequent verification of certificates of origin Form A and of invoice declarations in accordance with Regulation (EEC) No 2454/93, concerning the tariff preferences referred to in Article 8(1), the customs authorities in the Community shall inform the Commission, which shall immediately publish a notification in the *Official Journal of the European Communities*, announcing that reasonable doubt exists in respect of certain products, producers or exporters, and stating those.

4. Where it has been established, in accordance with the procedure laid down in Regulation (EEC) No 2454/93 for the purpose of the subsequent verification of certificates of origin Form A and of invoice declarations, that the tariff preferences referred to in Article 8(1) do not apply to products from certain producers or exporters, the customs authorities of the Community shall inform the Commission, which shall immediately publish a notification in the *Official Journal of the European Communities*.

Section 2

Special incentive arrangements for the protection of the environment

Article 21

1. The tariff preferences referred to in Article 8(3) shall apply to products of the tropical forest originating in a country which according to Annex I benefits from the special incentive arrangements for the protection of the environment or which has subsequently been granted those arrangements by a decision taken in accordance with Article 23.
2. The special incentive arrangements for the protection of the environment may be granted to a country which effectively applies national legislation incorporating the substance of internationally acknowledged standards and guidelines concerning sustainable management of tropical forests.

Article 22

1. The special incentive arrangements referred to in Article 21 shall be granted provided that:

— they are requested by a country or territory listed in Annex I,

⁽¹⁾ The present list is published in OJ C 321, 10.11.2000, p. 18.

— the examination of the requests shows that the requesting country fulfils the condition laid down in Article 21(2),

— the requesting country has given an undertaking to maintain the national legislation referred to in Article 21(2), to monitor the application of the special incentive arrangements and to provide the necessary administrative cooperation.

2. The requesting country shall submit its request to the Commission in writing and shall provide comprehensive information concerning:

— the national legislation referred to in Article 21(2), the measures taken to implement it and to monitor its application,

— any forest management certification system, where such system is used in that country.

3. The full official text of the legislation referred to in Article 21(2) and of the implementing measures shall be attached to the request.

4. The Commission shall process requests made pursuant to paragraph 2 in accordance with the provisions of Article 16.

Article 23

1. The Commission shall decide, in accordance with the procedure referred to in Article 38, whether to grant a requesting country the special incentive arrangements for the protection of the environment.

2. The Commission shall notify a requesting country of a decision taken in accordance with paragraph 1. Where a country is granted the special incentive arrangements, it shall be informed of the date on which that decision enters into force.

3. Where a requesting country is not granted the special incentive arrangements, the Commission shall explain the reasons if that country so requests.

4. The Commission shall conduct all relations with a requesting country concerning the request in close coordination with the Committee.

Article 24

The tariff preferences referred to in Article 8(3) shall apply provided that the products concerned are accompanied by the following statement: 'Environmental clause — Title III, Section 2, of Council Regulation (EC) No 2501/2001'.

This statement shall be entered in box 4 of the certificate of origin Form A or on the invoice declaration referred to in Regulation (EEC) No 2454/93.

TITLE IV

SPECIAL ARRANGEMENTS TO COMBAT DRUG PRODUCTION AND TRAFFICKING

Article 25

1. The Commission shall monitor and evaluate the effects of the special arrangements to combat drug production and trafficking in respect of each beneficiary country's:

(a) use of the tariff preferences provided for by these arrangements,

(b) efforts in combating drug production and trafficking.

2. The Commission shall also assess each beneficiary country's:

(a) social development, in particular the respect and promotion of the standards laid down in the ILO Conventions referred to in the ILO Declaration on Fundamental Principles and Rights at Work,

(b) environmental policy, in particular the sustainable management of tropical forests.

3. The evaluation referred to in paragraphs 1(b) and 2(a) and (b) shall take into account the findings of the relevant international organisations and agencies. The Commission shall inform each beneficiary country of its evaluation and invite it to comment. The evaluation shall be included in the report referred to in Article 37(3). It will be without prejudice to the continuation of the arrangements referred to in paragraph 1 until 2004, and their possible extension thereafter.

4. Before the end of 2004, the Commission shall conduct a general evaluation of the results of the arrangements referred to in paragraph 1. It shall submit the findings to the Committee and take them into account when establishing guidelines for a scheme of generalised tariff preferences for the decade 2005 to 2014.

TITLE V

TEMPORARY WITHDRAWAL AND SAFEGUARD PROVISIONS

Article 26

1. The preferential arrangements provided for in this Regulation may be temporarily withdrawn, in respect of all or of certain products, originating in a beneficiary country, for any of the following reasons:

- (a) practice of any form of slavery or forced labour as defined in the Geneva Conventions of 25 September 1926 and 7 September 1956 and ILO Conventions No 29 and No 105;
- (b) serious and systematic violation of the freedom of association, the right to collective bargaining or the principle of non-discrimination in respect of employment and occupation, or use of child labour, as defined in the relevant ILO Conventions;
- (c) export of goods made by prison labour;
- (d) shortcomings in customs controls on export or transit of drugs (illicit substances or precursors), or failure to comply with international conventions on money laundering;
- (e) fraud, irregularities or systematic failure to comply or to ensure compliance with the rules of origin of products and the proof thereof, and to provide the administrative cooperation as required for the implementation and the control of the respect of the arrangements referred to in Article 1(2);
- (f) unfair trading practices, including those which are prohibited or actionable under the WTO Agreements, provided that a determination to that effect has been made previously by the competent WTO body;
- (g) infringement of the objectives of international conventions such as NAFO, NEAFC, ICCAT and NASCO concerning the conservation and management of fishery resources;

2. The administrative cooperation referred to in paragraph 1(e) requires, *inter alia* that a beneficiary country:

- (a) communicate to the Commission and update the information necessary for the implementation of the rules of origin and the control of respect thereof;
- (b) assist the Community by carrying out, on request of the customs authorities of Member States, subsequent verification of the proof of origin and communicate its results in time;
- (c) assist the Community by allowing the Commission, in coordination and close cooperation with the competent authorities of the Member States, to conduct Community administrative and investigative cooperation missions in that country, in order to verify the authenticity of documents or the accuracy of information relevant for granting the benefit of the arrangements referred to in Article 1(2);

(d) carry out or arrange for appropriate inquiries to identify and prevent contravention of the rules of origin;

(e) comply or ensure compliance with the rules of origin in respect of regional cumulation, if the country benefits therefrom.

3. Without prejudice to paragraph 1, the special incentive arrangements referred to in Title III may be temporarily withdrawn, in respect of all or certain products included in those arrangements, originating in a beneficiary country, for either of the following reasons:

- (a) if the national legislation no longer incorporates the standards referred to in Article 14(2) or Article 21(2) or if that legislation is not effectively applied;
- (b) if the undertaking referred to in Article 15(1) or Article 22(1) is not respected.

4. Without prejudice to Article 11, the preferential arrangements provided for in this Regulation shall not be withdrawn pursuant to paragraph 1(f) in respect of products which are subject to anti-dumping or countervailing measures under Regulations (EC) No 384/96 or (EC) No 2026/97, for the reasons justifying those measures.

Article 27

1. Where the Commission or a Member State receives information that may justify temporary withdrawal and where it considers that there are sufficient grounds for an investigation, it shall inform the Committee and request consultations, which should take place within 15 days.

2. Following the consultations, the Commission may decide, in accordance with the procedure referred to in Article 39, to initiate an investigation.

Article 28

1. Where the Commission decides to initiate an investigation, it shall publish a notice in the *Official Journal of the European Communities* announcing the investigation, and notify the beneficiary country concerned thereof. The notice shall provide a summary of the information received and state that any useful information may be sent to the Commission. It shall specify the period within which interested parties may make their views known in writing.

2. The Commission shall provide the beneficiary country concerned with every opportunity to cooperate in the investigation.

3. The Commission shall seek all information it considers necessary and may verify the information received with economic operators and the beneficiary country concerned. The available assessments, comments, decisions, recommendations and conclusions of the various supervisory bodies of the ILO, including in particular Article 33 procedures, shall serve as the point of departure for the investigation as to whether temporary withdrawal is justified for the reason referred to in Article 26(1)(b).

4. The Commission may be assisted by officials of the Member State on whose territory verification might be sought, if that Member State so requests.

5. Where information requested by the Commission is not provided within a reasonable period or the investigation is significantly impeded, findings may be made on the basis of the facts available.

6. The investigation should be completed within a year. The Commission may extend this period, in accordance with the procedure referred to in Article 39.

Article 29

1. The Commission shall submit a report on its findings to the Committee.

2. Where the Commission considers that the findings do not justify temporary withdrawal, it shall decide, in accordance with the procedure referred to in Article 39, to terminate the investigation. In that case, the Commission shall publish a notice in the Official Journal of the *Official Journal of the European Communities*, announcing the termination of the investigation and setting out its main conclusions.

3. Where the Commission considers that the findings justify temporary withdrawal for the reason referred to in Article 26(1)(b), it shall decide, in accordance with the procedure laid down in Article 39, to monitor and evaluate the situation in the beneficiary country concerned for a period of six months. The Commission shall notify this decision to the beneficiary country concerned and shall publish a notice in the *Official Journal of the European Communities*, announcing that it intends to submit a proposal to the Council for temporary withdrawal, unless, before the end of the period, the beneficiary country concerned made a commitment to take the measures necessary to conform, in a reasonable period of time, with the principles referred to in the 1998 ILO Declaration on Fundamental Principles and Rights at Work.

4. Where the Commission considers temporary withdrawal to be necessary, it shall submit an appropriate proposal to the Council, which shall decide within 30 days by a qualified majority.

5. Where at the end of the period referred to in paragraph 3, the Commission finds that the beneficiary country concerned has not made the required commitment, and where it considers temporary withdrawal necessary, it shall submit an appropriate proposal to the Council, which shall decide within 30 days by a qualified majority. Where the Council decides on temporary withdrawal, such decision shall enter into force six months after it was taken, unless it is decided before then that the reasons justifying it no longer prevail.

Article 30

1. After informing the Committee, the Commission may suspend the preferential arrangements provided for in this Regulation in respect of all or of certain products, originating in a beneficiary country:

- (a) where it considers that there is sufficient evidence that temporary withdrawal is justified for the reasons referred to in Article 26(1)(e), or
- (b) where imports under these arrangements massively exceed the usual levels of production and export capacity of that country.

2. Member States shall communicate to the Commission all relevant information that may justify suspension of preferences.

3. Where the Commission considers that there is sufficient evidence that the conditions for suspension are met, it shall take all appropriate measures as quickly as possible.

4. The period of suspension shall be limited to three months and may be renewed once. The Commission may extend this period, in accordance with the procedure referred to in Article 39.

Article 31

1. Where a product originating in a beneficiary country is imported on terms which cause, or threaten to cause, serious difficulties to a Community producer of like or directly competing products, normal Common Customs Tariff duties on that product may be reintroduced at any time at the request of a Member State or on the Commission's initiative.

2. Where the Commission decides to initiate an investigation, it shall publish a notice in the *Official Journal of the European Communities* announcing the investigation. The notice shall state that any useful information should be sent to the Commission. It shall specify the period within which interested parties may make their views known in writing.

3. In examining whether there are serious difficulties, the Commission shall take account, *inter alia*, of the following factors concerning Community producers where the information is available:

- market share,
- production,
- stocks,
- production capacity,
- bankruptcies,
- profitability,
- capacity utilisation,
- employment,
- imports,
- prices.

4. The Commission shall take a decision within 30 working days of consulting the Committee.

5. Where exceptional circumstances requiring immediate action make an investigation impossible, the Commission may, after informing the Committee, take any preventive measure which is strictly necessary.

Article 32

Where imports of products included in Annex I to the Treaty cause, or threaten to cause, serious disturbance to Community markets or their regulatory mechanisms, the Commission may suspend the preferential arrangements in respect of the products concerned after informing the management committee for the relevant common market organisation.

Article 33

1. The Commission shall inform the beneficiary country concerned of any decision taken in accordance with Articles 30, 31 or 32 before it becomes effective. The Commission shall also notify the Council and the Member States thereof.

2. Any Member State may refer a decision taken in accordance with Articles 30, 31 or 32 to the Council within ten days. The Council, acting by qualified majority, may adopt a different decision within 30 days.

Article 34

Nothing in this Title shall affect the application of safeguard clauses adopted as part of the common agricultural policy under Article 37 of the Treaty, or as part of the common trade policy under Article 133 of the Treaty, or any other safeguard clauses which may be applied.

TITLE VI

PROCEDURAL PROVISIONS

Article 35

The Commission shall adopt changes to the Annexes of this Regulation made necessary by amendments to the Combined Nomenclature or by changes in the international status or classification of countries or territories in accordance with the procedure referred to in Article 39.

Article 36

1. Within six weeks of the end of each quarter, Member States shall send the Statistical Office of the European Communities their statistical data on products admitted for free circulation during that quarter under the tariff preferences provided for in this Regulation. These data, supplied by reference to Combined Nomenclature codes and, where applicable, TARIC codes, shall show, by country of origin, values, quantities and any supplementary units required in accordance with the definitions in Regulation (EC) No 1172/95⁽¹⁾ and Commission Regulation (EC) No 1917/2000⁽²⁾.

2. In accordance with Article 308(d) of Commission Regulation (EEC) 2454/93, Member States shall forward to the Commission, at its request, details of the quantities of products admitted for free circulation under the tariff preferences provided for in this Regulation, during the previous months.

3. The Commission shall, in close cooperation with Member States, monitor the imports of products of CN code 0803 00 19, of tariff headings 0603, 1006, and 1701 and of CN codes 1604 14 11, 1604 14 18, 1604 14 90, 1604 19 39 and 1604 20 70 in order to determine whether the conditions referred to in Articles 30, 31 and 32 are fulfilled.

Article 37

1. In implementing this Regulation, the Commission shall be assisted by a Generalised Preferences Committee, composed of representatives of the Member States and chaired by the representative of the Commission.

2. The Committee may examine any matter relating to the application of this Regulation raised by the Commission or at the request of a Member State.

⁽¹⁾ OJ L 118, 25.5.1995, p. 10. Regulation as last amended by Regulation (EC) No 374/98 (OJ L 48, 19.2.1998, p. 6).

⁽²⁾ OJ L 229, 9.9.2000, p. 14. Regulation as amended by Regulation (EC) No 1669/2001 (OJ L 224, 21.8.2001, p. 3).

3. The Committee shall examine the effects of the Community scheme of generalised tariff preferences, on the basis of an annual report from the Commission. This report shall cover all preferential arrangements referred to in Article 1(2).

4. The Committee shall adopt its rules of procedure.

Article 38

1. Where reference is made to this Article, Articles 5 and 7 of Decision 1999/468/EC shall apply.

2. The period laid down in Article 5(6) of Decision 1999/468/EC shall be set at 3 months.

Article 39

Where reference is made to this Article, Articles 3 and 7 of Decision 1999/468/EC shall apply.

TITLE VII

FINAL PROVISIONS

Article 40

1. Requests concerning Title III of this Regulation made under the provisions of a previous regulation on the

Community scheme of generalised tariff preferences, on which no decision has been taken before this Regulation enters into force, shall be considered to refer to the corresponding provisions of this Regulation.

2. Council Regulation (EC) No 552/97 of 24 March 1997 temporarily withdrawing access to generalised tariff preferences from the Union of Myanmar ⁽¹⁾, which refers to Council Regulations (EC) No 3281/94 ⁽²⁾ and (EC) No 1256/96 ⁽³⁾, shall be considered to refer to the corresponding provisions of this Regulation.

3. This Regulation replaces Council Regulation (EC) No 416/2001 amending Council Regulation (EC) No 2820/98 applying a multiannual scheme of generalised tariff preferences for the period 1 July 1999 to 31 December 2001 so as to extend dutyfree access without any quantitative restrictions to products originating in the least developed countries.

Article 41

1. This Regulation shall enter into force on 1 January 2002.

2. It shall apply until 31 December 2004. This date shall not apply to the special arrangements for least developed countries, nor, to the extent that they are applied in conjunction with those arrangements, to any other provisions of this Regulation.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 10 December 2001.

For the Council

L. MICHEL

The President

⁽¹⁾ OJ L 85, 27.3.1997, p. 8.

⁽²⁾ OJ L 348, 31.12.1994, p. 1.

⁽³⁾ OJ L 160, 29.6.1996, p. 1.

ANNEX I

Beneficiary countries and territories of the Community's scheme of generalised tariff preferences

Column A: code according to the nomenclature of countries and territories for the external trade statistics of the Community

Column B: name of country

Column C: sectors not included in the general arrangements for the beneficiary country concerned (Article 7(7))

Column D: sectors in respect of which tariff preferences have been removed for the beneficiary country concerned (Article 7(8))

Column E: countries included in the special incentive arrangements for the protection of labour rights (Title III Section 1)

Column F: sectors included in these arrangements for the beneficiary country concerned (Article 8(1) and (2))

Column G: countries included in the special incentive arrangements for the protection of the environment (Title III Section 2)

Column H: countries included in the special arrangements for least developed countries (Article 9)

Column I: countries included in the special arrangements to combat drug production and trafficking (Title IV)

A	B	C	D	E	F	G	H	I
AE	United Arab Emirates							
AF	Afghanistan						X	
AG	Antigua and Barbuda							
AI	Anguilla							
AM	Armenia	II, XXVI						
AN	Netherlands Antilles							
AO	Angola						X	
AQ	Antarctica							
AR	Argentina		I, III, XI, XVII					
AS	American Samoa							
AW	Aruba							
AZ	Azerbaijan	II, XXVI						
BB	Barbados							
BD	Bangladesh						X	
BF	Burkina Faso						X	
BH	Bahrain							
BI	Burundi						X	
BJ	Benin						X	
BM	Bermuda							
BN	Brunei Darussalam		XXV					
BO	Bolivia							X
BR	Brazil		I, VI, IX, XI, XII, XVII, XX, XXIII, XXVI, XXX					

A	B	C	D	E	F	G	H	I
BS	Bahamas							
BT	Bhutan						X	
BV	Bouvet Island							
BW	Botswana							
BY	Belarus	II, XXVI	XV					
BZ	Belize							
CC	Cocos Islands (or Keeling Islands)							
CD	Democratic Republic of Congo						X	
CF	Central African Republic						X	
CG	Congo							
CI	Côte d'Ivoire							
CK	Cook Islands							
CL	Chile		V, IX, XV					
CM	Cameroon							
CN	People's Republic of China	XXVI ⁽¹⁾	IV, VIII, XIV, XVIII, XXII, XXIII, XXIV, XXVII, XXXIII					
CO	Colombia							X
CR	Costa Rica							X
CU	Cuba							
CV	Cape Verde						X	
CX	Christmas Islands							
CY	Cyprus							
DJ	Djibouti						X	
DM	Dominica							
DO	Dominican Republic							
DZ	Algeria							
EC	Ecuador							X
EG	Egypt							
ER	Eritrea						X	
ET	Ethiopia						X	
FJ	Fiji							
FK	Falklands Islands							
FM	Federated States of Micronesia							
GA	Gabon							

(¹) Only the products of sector XXVI which are underlined in Annex III are not included for the People's Republic of China, pursuant to Article 7(7).

A	B	C	D	E	F	G	H	I
GD	Grenada							
GE	Georgia	II, XXVI						
GH	Ghana							
GI	Gibraltar							
GL	Greenland	II						
GM	Gambia						X	
GN	Guinea						X	
GQ	Equatorial Guinea						X	
GS	South Georgia and South Sandwich Islands							
GT	Guatemala							X
GU	Guam							
GW	Guinea-Bissau						X	
GY	Guyana							
HM	Heard Island and McDonald Islands							
HN	Honduras							X
HT	Haiti						X	
ID	Indonesia		X, XIX, XXIII					
IN	India		XVII, XVIII, XXI					
IO	British Indian Ocean Territory							
IQ	Iraq							
IR	Iran (Islamic Republic of)							
JM	Jamaica							
JO	Jordan							
KE	Kenya							
KG	Kyrgyzstan	II, XXVI						
KH	Cambodia						X	
KI	Kiribati						X	
KM	Comoros						X	
KN	St Kitts and Nevis							
KW	Kuwait							
KY	Cayman Islands							
KZ	Kazakhstan	II, XXVI	XV, XXV, XXVII					
LA	Lao People's Democratic Republic						X	
LB	Lebanon							
LC	St Lucia							
LK	Sri Lanka							

A	B	C	D	E	F	G	H	I
LR	Liberia						X	
LS	Lesotho						X	
LY	Libyan Arab Jamahiriya		XIII					
MA	Morocco							
MD	Moldova (Republic of)	II, XXVI		X	All except II and XXVI			
MG	Madagascar						X	
MH	Marshall Islands							
ML	Mali						X	
MM	Myanmar						X	
MN	Mongolia							
MO	Macao		XXII					
MP	Northern Mariana Islands							
MR	Mauritania						X	
MS	Montserrat							
MU	Mauritius							
MV	Maldives						X	
MW	Malawi						X	
MX	Mexico		III, V, XXVI					
MY	Malaysia		VII, X, XVI, XIX, XXII, XXIX					
MZ	Mozambique						X	
NA	Namibia							
NC	New Caledonia							
NE	Niger						X	
NF	Norfolk Island							
NG	Nigeria							
NI	Nicaragua							X
NP	Nepal						X	
NR	Nauru							
NU	Niue Island							
OM	Oman							
PA	Panama							X
PE	Peru							X
PF	French Polynesia							

A	B	C	D	E	F	G	H	I
PG	Papua New Guinea							
PH	Philippines		X					
PK	Pakistan		XVII, XVIII, XXI					X
PM	St Pierre and Miquelon							
PN	Pitcairn							
PW	Palau							
PY	Paraguay							
QA	Qatar							
RU	Russian Federation	II, XXVI	XIII, XV, XXVII					
RW	Rwanda						X	
SA	Saudi Arabia		XIII					
SB	Solomon Islands						X	
SC	Seychelles							
SD	Sudan						X	
SH	Santa Helena							
SL	Sierra Leone						X	
SN	Senegal						X	
SO	Somalia						X	
SR	Suriname							
ST	São Tomé and Príncipe						X	
SV	El Salvador							X
SY	Syrian Arab Republic							
SZ	Swaziland							
TC	Turks and Caicos Islands							
TD	Chad						X	
TF	French Southern territories							
TG	Togo						X	
TH	Thailand		II, V, XI, XVI, XVIII, XXII, XXIII, XXV, XXXIII					
TJ	Tajikistan	II, XXVI						
TK	Tokelau Islands							
TM	Turkmenistan	II, XXVI						
TN	Tunisia							
TO	Tonga							
TP	East Timor							

A	B	C	D	E	F	G	H	I
TT	Trinidad and Tobago							
TV	Tuvalu						X	
TZ	Tanzania (United Republic of)						X	
UA	Ukraine	II, XXVI	VIII, XV					
UG	Uganda						X	
UM	United States Minor outlying islands							
UY	Uruguay		I					
UZ	Uzbekistan	II, XXVI						
VC	St Vincent and Northern Grenadines							
VE	Venezuela							X
VG	Virgin Islands (British)							
VI	Virgin Islands (USA)							
VN	Viet Nam							
VU	Vanuatu						X	
WF	Wallis and Futuna							
WS	Samoa						X	
YE	Yemen						X	
YT	Mayotte							
ZA	South Africa	XXVI						
ZM	Zambia						X	
ZW	Zimbabwe							