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*Plenary sitting*

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**A8-0056/2014**

8.12.2014

**\*\*\*I**  
**REPORT**

on the proposal for a regulation of the European Parliament and of the Council  
on the tariff treatment for goods originating from Ecuador  
(COM(2014)0585 – C8-0172/2014 – 2014/0287(COD))

Committee on International Trade

Rapporteur: Helmut Scholz

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the ▬ symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council on the tariff treatment for goods originating from Ecuador (COM(2014)0585 – C8-0172/2014 – 2014/0287(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2014)0585),
  - having regard to Article 294(2) and Article 207(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0172/2014),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the undertaking given by the Council representative by letter of ... 2014 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 59 of its Rules of Procedure,
  - having regard to the report of the Committee on International Trade (A8-0056/2014),
1. Adopts its position at first reading, taking over the Commission proposal;
  2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

## EXPLANATORY STATEMENT

On 17 July 2014 the negotiations were concluded with Ecuador for its accession to the Trade Agreement concluded between the EU and Colombia/Peru. The government of Ecuador came to this decision after finding itself under substantive pressure, as some of the country's main export products experienced a serious disadvantage regarding their competitiveness on the EU market compared to the same products originating from Colombia and Peru. In addition, Ecuador is bound to lose its GSP+ status on January 1st, 2015, following changes in the respective EU regulation. The multi-party Free Trade Agreement will provide a new legal framework for EU-Ecuador trade relations.

In order to avoid unnecessary trade disruption until the provisional application of this Free Trade Agreement between the European Union and Ecuador, and in order to ease the burden for EU importers of Ecuadorian export goods, the European Commission adopted on 1 October 2014 a proposal ensuring that customs duties applied on the date of initialling of the Protocol of Accession of Ecuador to the EU-Colombia/Peru Free Trade Agreement are not increased and that no new customs duties are applied on products originating in Ecuador. To this end, the proposed Regulation provides for the maintenance of the level of duty rates that were applicable to and by Ecuador on the date of initialling of the Protocol of Accession. Thereby, the proposed legislation would effectively prolong the trade preferences granted to Ecuador under the GSP+ regulation, which otherwise would expire on 1 January 2015 given that the Ecuador has been classified by the World Bank as an upper-middle income country during three consecutive years preceding the update of the list of beneficiary countries. Furthermore, the proposal introduces an element of reciprocity as Ecuador would also be obliged to maintain its current level of duties for EU imports until the Free Trade Agreement is provisionally applied.

The Commission's intention is that the proposed regulation will apply as of 1 January 2015 and until six months after the Protocol of Accession enters into force (or, where appropriate, is applied provisionally), or until 31 December 2016, whichever occurs first. Hence, the proposed regulation is clearly intended to be a transitional measure preparing Ecuador and the EU for the entry into force of the EU-Ecuador Free Trade Agreement.

As regards the suggested date for entry into force by the Commission of the transitional measure, it does not seem feasible that the legislation will be adopted by both co-legislators, published in the Official Journal and enter into force before the end of this year - given the late adoption of the proposal by the Commission and the procedural requirements of an ordinary legislative procedure. In order to minimise negative effects on economic operators involved in EU-Ecuador trade, the rapporteur is committed to a speedy adoption procedure in Parliament, whereby, the procedure should fully respect Parliament's rights, prerogatives and procedures in the context of the ordinary legislative procedure. Therefore, the rapporteur put forward an ambitious timetable for the decision-making process in Parliament.

The transitional duration until 31 December 2016 maximum seems to be necessary to provide for sufficient time to carry out all the necessary internal procedures in the EU, but also in Ecuador, for the application of the Protocol of Accession. Additional delays could be incurred due to the necessary consultation and approval of the Protocol of Accession by Colombia and Peru prior to the Commission decision on the proposal for the Council Decisions on signature

and provisional application and on conclusion of the Protocol of Accession. The potential six month overlap of this Regulation and of the application of the Protocol of Accession is deemed necessary to enable the economic operators to adjust to the new customs procedures.

The Commission suggests making this prolongation of current trade preferences conditional on five elements to be complied with by Ecuador: (1) compliance with rules of origins (2) abstention from Ecuador imposing new duties or restrictions to imports from the EU (3) maintaining the ratification and effective implementation of a number of GSP+ relevant conventions (4) cooperating with the European Commission as regards information request on their compliance with these conventions and, last, but not least (5) continuous efforts by Ecuador to sign and ratify the Free Trade Agreement with the EU.

It is the obligation of the Commission to monitor the respect of these conditions by Ecuador, and, the proposal foresees to empower the Commission through an implementing act to suspend this tariff treatment, if it finds sufficient evidence of failure by Ecuador to comply with these conditions.

The respective safeguard measures by the European Union and by Ecuador continue to apply regardless of the application of this regulation.

Your rapporteur supports the purpose of the Commission's proposal, namely to avoid trade diversion due to higher duty rates, as well as the Commission's approach, meaning a prolongation of the current tariff treatment on a reciprocal basis and under certain conditions. This, however, does not mean that Ecuador is asked to lower its current tariffs and measures to protect certain sectors before the entry into force of the EU-Ecuador Free Trade Agreement. However, your rapporteur would like to address four issues in his draft report through amendments to the recitals and articles to improve the proposed regulation:

(1) In this context, it is important to note that Ecuador should not be freed of its obligations taken under the GSP regulation. Therefore, your rapporteur suggests introducing also a reference to general reasons for suspending trade preferences under the generalised system of preferences. Furthermore, Ecuador should also abstain from changing conditions for market access for the EU.

(2) It is the task of the European Commission to monitor the compliance of these conditions by Ecuador, and to report on this to Parliament, which, in the view of your rapporteur, needs to be clearly stated in the regulation.

(3) Your rapporteur has, however, some concerns as regards the delegation of powers to the European Commission. Given the importance and the consequences for EU importers and investors, of an eventual decision to suspend the current trade preferences for Ecuador, in case Ecuador is accused of not meeting the conditions laid down in the regulation, the co-legislators - the European Parliament and the Council of Ministers - should have a possibility to object to a measure proposing to suspend the trade preferences. Therefore, and finding guidance in the provisions of Article 15 in the GSP regulation, the rapporteur considers that a delegated act is more appropriate as a vehicle for adopting a suspension of the trade preferences and, thereby, the European Parliament has a say in the appreciation, whether Ecuador is not respecting the conditions laid out in the regulation. Hence, the rapporteur proposes to amend the relevant provisions of the draft regulation in this respect.

(4) Another issue relates to the possibility to apply safeguard measures: While the regulation refers only to the EU rights to apply the relevant safeguard measures, your rapporteur believes that it should be clearly stipulated in the legislation that this regulation does not restrict Ecuador's possibility to apply safeguards against imports from the EU on the grounds of being a signatory state to the WTO Safeguard Agreement.

With these additions, your rapporteur suggests to support the Commission's proposal and to enable a rapid adoption of it by the co-legislators.

## PROCEDURE

<b>Title</b>	Tariff treatment for goods originating from Ecuador
<b>References</b>	COM(2014)0585 – C8-0172/2014 – 2014/0287(COD)
<b>Date submitted to Parliament</b>	1.10.2014
<b>Committee responsible</b> Date announced in plenary	INTA 20.10.2014
<b>Committees asked for opinions</b> Date announced in plenary	DEVE 20.10.2014
<b>Not delivering opinions</b> Date of decision	DEVE 11.11.2014
<b>Rapporteurs</b> Date appointed	Helmut Scholz 20.10.2014
<b>Discussed in committee</b>	5.11.2014            3.12.2014
<b>Date adopted</b>	4.12.2014
<b>Result of final vote</b>	+:                    35 -:                    4 0:                    2
<b>Members present for the final vote</b>	William (The Earl of) Dartmouth, Maria Arena, Tiziana Beghin, Salvatore Cicu, Santiago Fisas Ayxelà, Christofer Fjellner, Eleonora Forenza, Yannick Jadot, Jude Kirton-Darling, Alexander Graf Lambsdorff, Gabrielius Landsbergis, Bernd Lange, Jörg Leichtfried, Marine Le Pen, David Martin, Emma McClarkin, Anne-Marie Mineur, Sorin Moisă, Alessia Maria Mosca, Godelieve Quisthoudt-Rowohl, Viviane Reding, Inmaculada Rodríguez-Piñero Fernández, Matteo Salvini, Marietje Schaake, Helmut Scholz, Joachim Schuster, Joachim Starbatty, Adam Szejnfeld, Iuliu Winkler
<b>Substitutes present for the final vote</b>	Fabio Massimo Castaldo, Dita Charanzová, Georgios Epitideios, Seán Kelly, Sander Loones, Fernando Ruas, József Szájer, Ramon Tremosa i Balcells, Marita Ulvskog, Jarosław Wałęsa
<b>Substitutes under Rule 200(2) present for the final vote</b>	Tunne Kelam, Judith Sargentini
<b>Date tabled</b>	8.12.2014