



2015/0079(COD)

14.10.2015

OPINION

of the Committee on Agriculture and Rural Development

for the Committee on International Trade

on the proposal for a regulation of the European Parliament and of the Council implementing the safeguard clause and the anti-circumvention mechanism providing for the temporary suspension of tariff preferences of the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part
(COM(2015)0154 – C8-0092/2015 – 2015/0079(COD))

Rapporteur: Viorica Dăncilă

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SHORT JUSTIFICATION

The Association Agreement between the European Union (EU) and the Republic of Moldova ('the Agreement') was signed on 24 June 2014 and has been provisionally applied from 1 September 2014. The European Parliament gave its consent to the conclusion of the Agreement on 13 November 2014.

The Agreement introduces a preferential trade regime - the Deep and Comprehensive Free Trade Area (DCFTA). Council Regulation (EC) No 55/2008 introducing Autonomous Trade Preferences for Moldova will apply in parallel until 31 December 2015 and was recently amended to extend duty-free treatment to Moldovan wine and to grant duty-free quotas for apples, plums and table grapes¹.

The EU is Moldova's biggest trade partner, accounting for 46,4 % of its trade, followed by Russia (21,9 %) and Ukraine (11,8 %). Trade with Moldova accounts for 0,1% of the Union's overall trade. In 2014, following the entry into force of the DCFTA, Union imports from Moldova increased by 20 %, while imports of agricultural goods increased particularly significantly, with a rise of 30 %. Agricultural products account for a significant share of total Union imports from Moldova. Moldova main exports to the Union are oilseeds, fresh and dried walnuts, apple juice, wines and cereals. The main Union exports to Moldova are spirits, food preparations, cigarettes, certain fruits and vegetables including citrus fruits, pork meat and animal feed.

The table below contains statistical data on EU agriculture imports from Moldova in the 2009-2014 period.

EU28 IMPORTS from MOLDOVA	x 1.000.000 €						
	2009	2010	2011	2012	2013	2014	Average 2009-2014
AGRICULTURAL PRODUCTS [mio €]	137	141	256	265	259	347	234
PROCESSED AGRICULTURAL PRODUCTS [mio €]	11	12	16	19	23	22	17
ALL AGRI PRODUCTS [mio €]	148	153	272	284	282	369	251
PROCESSED AGRICULTURAL PRODUCTS / ALL AGRICULTURAL PRODUCTS	7,6%	7,8%	5,7%	6,5%	8,2%	6,0%	6,8%
TOTAL ALL COMMODITIES [mio €]	423	445	644	669	680	885	624
ALL AGRI. PRODUCTS / TOTAL ALL COMMODITIES	34,9%	34,4%	42,3%	42,4%	41,5%	41,6%	40,2%

Like the majority of EU trade agreements, the Agreement includes a bilateral safeguard clause, set out in Articles 165 to 169. A safeguard measure may be imposed where a product originating in the Republic of Moldova is, as a result of the reduction or the elimination of the customs duties on that product, imported into the Union in such increased quantities, in

¹ Regulation (EU) 1383/2014 of the European Parliament and of the Council of 18.12.2014

absolute terms or relative to Union production, as to cause or threaten to cause "serious injury" to the Union's industry. It may lead to a suspension of a further reduction in the rate of customs duty on the product concerned or to a re-introduction of the most-favoured-nation ("MFN") rate of customs duty. Such measure may be applied for two years and exceptionally extended for a further two years. Chapter I of the proposal contains detailed provisions on the initiation of proceedings, investigations, prior surveillance measures, imposition of provisional and definitive safeguard measures and the duration and review of these measures.

Furthermore, the Agreement also includes in Article 148 a so-called 'anti-circumvention mechanism', which provides for the possibility to reintroduce the MFN customs duty rate when imports of certain agricultural goods from Moldova (listed in Annex XV-C) exceed a given threshold without due justification of their exact origin. Anti-circumvention clauses are important to avoid imports into the Union of non-Moldovan products via Moldova using the advantages of the Agreement to circumvent "rules of origin" requirements. Chapter II of the proposal (Article 13) lays down the procedures for the application of this mechanism, which is without prejudice to the application of any measures defined in Chapter I (safeguard measures). However, measures taken pursuant to the provisions of both chapters cannot be applied simultaneously to the same products.

The rapporteur welcomes and supports the Commission proposal, since it is necessary to incorporate into the law of the Union the instruments required for the application of temporary safeguards in case of an increase in imports causing economic damage to the Union's market and its producers.

The substantive parts of the proposed implementing regulation mirror the relevant parts of the negotiated text of the Agreement, Regulation (EU) 2015/478 of 11 March 2015 on the common rules for imports and, indirectly, the provisions of the WTO Agreement on Safeguards. The procedural parts are essentially based on existing implementing regulations which were discussed and agreed among the three institutions for each of the recent free trade agreements currently in force: Korea (Regulation (EU) No 511/2011 of 11 May 2011), Central America (Regulation (EU) No 20/2013 of 15 January 2013) and Colombia and Peru (Regulation (EU) No 19/2013 of 15 January 2013).

However, the rapporteur notes that, from a practical point of view, recourse to the bilateral safeguard clause appears to be rather problematic, since both the substantive² and procedural requirements are difficult to demonstrate and to apply. This may explain the fact that this type of clause has never been used by the Union, despite its inclusion in several trade agreements.

The Committee on Agriculture and Rural Development calls on the Committee on International Trade, as the committee responsible, to propose that Parliament adopts its position at first reading taking over the Commission proposal.

² Such as the concept of "serious injury", defined in Article 4 of the WTO Agreement on safeguards as a "significant overall impairment in the position of domestic producers" and included with an identical definition in the text of the Agreement and on Article 2.d) of the current proposal.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Safeguard clause and the anti-circumvention mechanism providing for the temporary suspension of tariff preferences of the Association Agreement between the EU and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part						
References	COM(2015)0154 – C8-0092/2015 – 2015/0079(COD)						
Committee responsible Date announced in plenary	INTA 27.4.2015						
Opinion by Date announced in plenary	AGRI 27.4.2015						
Rapporteur Date appointed	Viorica Dăncilă 19.5.2015						
Date adopted	13.10.2015						
Result of final vote	<table> <tr> <td>+: </td><td>36</td></tr> <tr> <td>–: </td><td>3</td></tr> <tr> <td>0: </td><td>0</td></tr> </table>	+:	36	–:	3	0:	0
+:	36						
–:	3						
0:	0						
Members present for the final vote	John Stuart Agnew, Clara Eugenia Aguilera García, Eric Andrieu, Richard Ashworth, Paul Brannen, Daniel Buda, Nicola Caputo, Viorica Dăncilă, Michel Dantin, Paolo De Castro, Albert Deß, Herbert Dorfmann, Norbert Erdős, Edouard Ferrand, Luke Ming Flanagan, Beata Gosiewska, Anja Hazekamp, Esther Herranz García, Jan Huitema, Peter Jahr, Jarosław Kalinowski, Zbigniew Kuźmiuk, Philippe Loiseau, Giulia Moi, Ulrike Müller, James Nicholson, Maria Noichl, Marijana Petir, Laurențiu Rebegea, Jens Rohde, Bronis Ropė, Jasenko Selimovic, Lidia Senra Rodríguez, Czesław Adam Siekierski, Marc Tarabella, Janusz Wojciechowski						
Substitutes present for the final vote	Ivan Jakovčić, Norbert Lins, Momchil Nekov, Stanislav Polčák						