

A7-0300/2011

1.9.2011

RECOMMENDATION

on the draft Council decision on the conclusion of the Agreement in the form of an Exchange of Letters between the European Union, of the one part, and the Palestinian Authority of the West Bank and the Gaza Strip, of the other part, providing further liberalisation of agricultural products, processed agricultural products and fish and fishery products and amending the Euro-Mediterranean Interim Association Agreement on trade and cooperation between the European Community, of the one part, and the Palestine Liberation Organization (PLO) for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip, of the other part
(07770/2011 – C7-0100/2011 – 2011/0042(NLE))

Committee on International Trade

Rapporteur: Maria Eleni Koppa

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.)

CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5
EXPLANATORY STATEMENT	6
RESULT OF FINAL VOTE IN COMMITTEE	8
RESULT OF FINAL VOTE IN COMMITTEE	9

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the draft Council decision on the conclusion of the Agreement in the form of an Exchange of Letters between the European Union, of the one part, and the Palestinian Authority of the West Bank and the Gaza Strip, of the other part, providing further liberalisation of agricultural products, processed agricultural products and fish and fishery products and amending the Euro-Mediterranean Interim Association Agreement on trade and cooperation between the European Community, of the one part, and the Palestine Liberation Organization (PLO) for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip, of the other part
(07770/2011 – C7-0100/2011 – 2011/0042(NLE))**

(Consent)

The European Parliament,

- having regard to the draft Council decision (07770/2011),
 - having regard to the Agreement in the form of an Exchange of Letters between the European Union, of the one part, and the Palestinian Authority of the West Bank and the Gaza Strip, of the other part, providing further liberalisation of agricultural products, processed agricultural products and fish and fishery products and amending the Euro-Mediterranean Interim Association Agreement on trade and cooperation between the European Community, of the one part, and the Palestine Liberation Organization (PLO) for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip, of the other part (07769/2011),
 - having regard to the request for consent submitted by the Council in accordance with Article 207(4) and Article 218(6), second subparagraph, point (a), of the Treaty on the Functioning of the European Union (C7-0100/2011),
 - having regard to Rules 81 and 90(8) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on International Trade (A7-0300/2011),
1. Consents to conclusion of the Agreement;
 2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of the Palestinian Authority of the West Bank and the Gaza Strip.

EXPLANATORY STATEMENT

In 2005, in accordance with the Rabat Roadmap, the Council authorised the Commission to conduct negotiations with several Mediterranean countries in order to establish the conditions for the liberalisation of trade in the agricultural and fishery products. The Palestinian Authority was included on the list.

Negotiations were initiated in May 2010 and were concluded on December 2010. The Agreement in the form of an Exchange of Letters was signed on April 2011.

More specifically, this Agreement provides for duty-free (and mostly also quota-free) access to Palestinian imports to the European market of agricultural products, processed agricultural products and fish and fishery products. Several products of the same nature originating in the EU will have duty-free (but not quota-free) access to Palestine, with some exceptions. The ultimate aim of the agreement, however, is to help the development of Palestinian economy and thus to facilitate the possibility of exports of Palestinian products into the EU.

The Rapporteur considers that this Agreement will help, to a certain degree, to strengthen the Palestinian economy that is currently in crisis. The situation in the Palestinian territories is dire because of severe poverty and unemployment. This is also demonstrated clearly by data from the World Bank.

The Rapporteur believes that the future of the region depends on the improvement of the economic development. Trade can serve also as a development mechanism that contributes to the reduction of poverty and the establishment of political stability.

In terms of numbers the Palestinian Authority is the smallest trade partner of the Union based on the fact that the rate of transactions for the year 2009 was up to EUR 56.6 million, out of which only EUR 6.1 million reflected imports from the Palestinian Authority. During the first trimester of 2010 a rise of 32.6% in imports was observed. However, the Rapporteur *reminds that according to the ruling on the Brita case (Case C-386/08) of the European Court of Justice (ECJ), rendered on 25 February 2010, "the customs authorities of the importing Member States may refuse to grant the preferential treatment provided for under the Euro-Mediterranean Agreement [...] where the goods concerned originate in the West Bank". Furthermore "the customs authorities of the important State are not bound by the proof of origin submitted or by the reply given by the customs authorities of the exporting State where that reply does not contain sufficient information [...] to enable the real origin of the products to be determined"*.

European citizens have repeatedly expressed the wish to know the exact provenance of the products they purchase. The European Union is clear about its interpretation that the occupied territories are to be considered as Palestinian territory and not as Israel territory. This is also confirmed by a decision of the European Court. Thus, the European Union has the responsibility to ensure that in the implementation of this agreement there will be no abuse of the rules of origin.

Exports from the Palestinian Territories have hitherto been under the direct control of the Israeli customs, which has led to difficulties with the free movement of Palestinian products. In practice, Israel imposes non-tariff barriers upon Palestinian products, which seriously hampers the economic development of the Palestinian Authority.

Furthermore, a major problem needing to be resolved is that of access of products from the Israeli settlements to the European market. In 1998 the Commission decreed that no settlement in the occupied territories should be regarded as Israeli territory. It follows that products from the settlements may not enter the European market with preferential tariffs in accordance with the EU-Israel Agreement. Moreover, the Court of Justice considered in its judgment that only the Palestinian authorities could issue documents for products manufactured on the Gaza Strip and the West Bank. Given the fact that for years Israel and Israeli firms in the settlements have been able to circumvent the system by failing to mention that certain products came from the settlements, it needs to be ensured that this cannot happen again. The Commission considered that it was for the Member States to apply the agreements and monitor any irregularities.

The Council reiterates, in its conclusion on the Middle East Peace Process on 8 December 2009 "that settlements [...] are illegal under international law, constitute an obstacle to peace and threaten to make a two-state solution impossible".

Opening the European market directly to Palestinian products is only the first stage in the construction of a Palestinian state, in line with the two-state solution and Palestine's economic development. It then needs to be ensured that all stakeholders in the process of Palestine's economic development are provided with the means necessary for that process. In other words, farmers must have access to water, the Palestinians must have the right to obtain a building permit in the Jordan Valley, etc. Matters are not made any easier by the fact that it is hard for foreign investors to obtain visas.

The Rapporteur calls on the Commission to draw up a detailed report on all these factors to try and prevent this kind of risk in future.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	31.8.2011
Result of final vote	+: 27 -: 0 0: 0
Members present for the final vote	William (The Earl of) Dartmouth, Kader Arif, David Campbell Bannerman, Daniel Caspary, Yannick Jadot, Metin Kazak, Bernd Lange, David Martin, Vital Moreira, Paul Murphy, Franck Proust, Godelieve Quisthoudt-Rowohl, Niccolò Rinaldi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Keith Taylor, Paweł Zalewski
Substitute(s) present for the final vote	Catherine Bearder, George Sabin Cutaş, Mário David, Albert Deß, Salvatore Iacolino, Maria Eleni Koppa, Elisabeth Köstinger, Marietje Schaake
Substitute(s) under Rule 187(2) present for the final vote	Roger Helmer, Patrice Tirolien

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	31.8.2011
Result of final vote	+: 27 -: 0 0: 0
Members present for the final vote	William (The Earl of) Dartmouth, Kader Arif, David Campbell Bannerman, Daniel Caspary, Yannick Jadot, Metin Kazak, Bernd Lange, David Martin, Vital Moreira, Paul Murphy, Franck Proust, Godelieve Quisthoudt-Rowohl, Niccolò Rinaldi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Keith Taylor, Paweł Zalewski
Substitute(s) present for the final vote	Catherine Bearder, George Sabin Cutaş, Mário David, Albert Deß, Salvatore Iacolino, Maria Eleni Koppa, Elisabeth Köstinger, Marietje Schaake
Substitute(s) under Rule 187(2) present for the final vote	Roger Helmer, Patrice Tirolien