



EUROPEAN PARLIAMENT

2009 - 2014

---

*Plenary sitting*

---

**A7-0085/2012**

30.3.2012

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

on the proposal for a regulation of the European Parliament and of the Council repealing Council Regulation (EC) No 1342/2007 on administering certain restrictions on imports of certain steel products from the Russian Federation (COM(2011)0715 – C7-0396/2011 – 2011/0315(COD))

Committee on International Trade

Rapporteur: Robert Sturdy

### ***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***

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act that the draft act seeks to amend includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend. Passages in an existing act that Parliament wishes to amend, but that the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in such passages are indicated thus: [...].

## CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION.....	5
EXPLANATORY STATEMENT.....	6
PROCEDURE .....	8



## **DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION**

**on the proposal for a regulation of the European Parliament and of the Council  
repealing Council Regulation (EC) No 1342/2007 on administering certain restrictions  
on imports of certain steel products from the Russian Federation  
(COM(2011)0715 – C7-0396/2011 – 2011/0315(COD))**

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

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2011)0715),
  - having regard to Article 294(2) and Article 207 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0396/2011),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on International Trade (A7-0085/2012),
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**

### **Background information**

On 1 December 1997, the Partnership and Cooperation Agreement establishing a partnership between the European Communities and their Member States, of the one part, and the Russian Federation (Russia), of the other part, entered into force<sup>1</sup>. Within the framework of this partnership and cooperation agreement, the European Community and the Government of the Russian Federation concluded on 26 October 2007 an "Agreement on trade in certain steel products"<sup>2</sup>.

This Agreement on trade in certain steel products (hereinafter referred to as "the Agreement") was implemented in the EU in the form of Council Regulation (EC) No 1342/2007 on administering certain restrictions on imports of certain steel products from the Russian Federation<sup>3</sup>. The Agreement established quotas (quantitative limits) for imports into the EU of steel originating in the Russian Federation. Moreover, Article 10(4) of the Agreement set out that if the Russian Federation would to accede to the World Trade Organization before the expiration of the Agreement, the Agreement would have to be terminated and the quotas abolished.

According to the European Commission, Russia was the largest exporter of steel to the EU in 2010 with over 6.5 million tonnes, which represented 24% of total EU steel imports<sup>4</sup>.

### **Reasons for the Repeal**

The Commission's proposal to repeal Council Regulation (EC) No 1342/2007 implementing the Agreement in the EU results from the abovementioned Article 10(4) thereof. Taking into account that the Russian Federation became member of the WTO on 16 December 2011, the EU has no longer the right to apply the abovementioned steel imports quotas from the day of Russia's accession to the WTO. Keeping Regulation (EC) No 1342/2007 in the EU law and thereby preserving the steel imports quotas in force would constitute a violation of the WTO rules and expose the EU to legal actions from the Russian side.

### **Consequences of Russia's Accession to WTO on Remaining Barriers to EU-Russia Trade in Steel Products**

With Russia's accession to the rules-based multilateral trade system of the WTO, the EU can expect to benefit from a more liberal market access to the Russian market. The European Commission estimates that additional exports will be worth approximately 107 million EUR

---

<sup>1</sup> OJ L 327, 28.11.1997, p.3.

<sup>2</sup> OJ L 300, 17.11.2007, p.52.

<sup>3</sup> OJ L 300, 17.11.2007, p.1.

<sup>4</sup> <http://ec.europa.eu/trade/creating-opportunities/economic-sectors/industrial-goods/steel/>

per year<sup>1</sup> in the iron and steel sector. It also foresees that the competitiveness of the EU steel sector will be increased due to the reduction of the export duties on ferrous scrap from 15% today to 5% within 5 years from the date of accession and due to adjusted gas prices for domestic industrial consumers in Russia.

Concerning any remaining barriers to bilateral trade in steel products that could still apply; they should be minimal and applicable only within the clear remits of the WTO rules that govern aspects such as tariffs, applicable trade defence measures, technical standards, specific customs/clearance procedures, etc. Failure to obey by the applicable WTO rules by either party could need to be solved using the existing WTO dispute settlement mechanism. The Rapporteur supports careful oversight and removal of trade and investment barriers that could remain on both sides, after Russia's accession to the WTO.

### **Position of the Rapporteur**

The Rapporteur strongly believes that the WTO remains the best guarantor of a rules-based multilateral trading system and expresses hope that both its new member - Russia - and the EU will live up to all their commitments within the WTO. The Rapporteur also wishes to see the EU-Russia trade relationship develop in full compliance with jointly agreed provisions of existing bilaterally agreements. For the abovementioned reasons, the Rapporteur therefore recommends the European Parliament to consent to the proposed repeal of Council Regulation (EC) No 1342/2007.

---

<sup>1</sup> European Commission's background paper of 16 November 2011 to the Trade Policy Committee entitled "*Illustration of positive effects of Russia's WTO accession on the EU trade*" sent to Council, European Parliament and stakeholders.

## PROCEDURE

<b>Title</b>	Repeal of Council Regulation (EC) No 1342/2007 on administering certain restrictions on imports of certain steel products from Russia	
<b>References</b>	COM(2011)0715 – C7-0396/2011 – 2011/0315(COD)	
<b>Date submitted to Parliament</b>	9.11.2011	
<b>Committee responsible</b> Date announced in plenary	INTA 17.11.2011	
<b>Committee(s) asked for opinion(s)</b> Date announced in plenary	ITRE 17.11.2011	
<b>Not delivering opinions</b> Date of decision	ITRE 22.11.2011	
<b>Rapporteur(s)</b> Date appointed	Robert Sturdy 8.12.2011	
<b>Discussed in committee</b>	25.1.2012	1.3.2012
<b>Date adopted</b>	27.3.2012	
<b>Result of final vote</b>	+: 29 -: 0 0: 0	
<b>Members present for the final vote</b>	William (The Earl of) Dartmouth, Damien Abad, Laima Liucija Andrikienė, Maria Badia i Cutchet, David Campbell Bannerman, Daniel Caspary, Marielle de Sarnez, Yannick Jadot, Metin Kazak, Bernd Lange, David Martin, Vital Moreira, Paul Murphy, Godelieve Quisthoudt-Rowohl, Niccolò Rinaldi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Keith Taylor, Iuliu Winkler, Jan Zahradil, Paweł Zalewski	
<b>Substitute(s) present for the final vote</b>	Josefa Andrés Barea, Catherine Bearder, George Sabin Cutaş, Mário David, Elisabeth Köstinger, Jörg Leichtfried, Jarosław Leszek Wałęsa	
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Gabriel Mato Adrover	
<b>Date tabled</b>	30.3.2012	