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Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending Regulation (EU) 2024/823 of 28 February 2024 on exceptional trade measures  
for countries and territories participating in or linked to the Stabilisation and  
Association Process**

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

#### **• Reasons for and objectives of the proposal**

Autonomous trade measures (ATMs) have been granted to the Western Balkans since the year 2000, even before the Stabilisation and Association Agreements (SAAs) with the Western Balkan partners were concluded. At that time, the European Council<sup>1</sup> decided that the Western Balkan partners should benefit from asymmetrical trade liberalisation to allow the region to benefit from a preferential access to the EU market while the SAAs were being negotiated and implemented.

In the meantime, all partners of the region have now signed an SAA with the EU. The last one with Kosovo<sup>2</sup> entered into force on 1 April 2016 and has been fully implemented as of 1 January 2025, when the transition period came to an end. Following the conclusion of the Western Balkans SAAs, the ATMs have been gradually eroded as the unilateral preferences were progressively withdrawn and included in the respective bilateral SAAs. The current ATMs for Western Balkans cover two remaining benefits: firstly, the suspension of the specific duties for all fruits and vegetables which are subject to the entry-price system, and secondly, the access to a global tariff quota for wine which is available on a first come first served basis once they have exhausted the national quota in their respective SAA.

Despite the limited scope of the current ATMs, they remain important. First, the agricultural producers of the region have consistently relied on them for nearly 25 years. In addition, the closer integration of the Western Balkans into the EU's single market is highlighted as a Commission priority in the Growth Plan for the Western Balkans, which was adopted by the Commission on 8 November 2023<sup>3</sup>. It is therefore proposed to continue supporting the vulnerable economies of the region by extending the period of application of Regulation (EU) 2024/823 ('the Regulation')<sup>4</sup> for another 5 years after its expiry on 31 December 2025.

Further to prolonging the period of application of the Regulation, it appears appropriate to propose amendments to introduce clarity to its rules on suspension and temporary suspension of benefits. The Regulation foresees two different courses of action in the event of non-compliance by a beneficiary with its obligation under points (a), (b) or (c) of Article 2(1): the EU may either suspend benefits under Article 2(3) or temporarily suspend benefits under Article 10. Furthermore, in Article 10, the Regulation provides for temporary suspension in

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<sup>1</sup> Conclusions of the special meeting of the European Council on 23–24 March 2000 in Lisbon: “47. The European Council confirms that its overall objective remains the fullest possible integration of the countries of the region into the political and economic mainstream of Europe. The European Council confirms that the Stabilisation and Association Process is the centrepiece of its policy in the Balkans. Stabilisation and Association Agreements will include economic and financial assistance and cooperation, political dialogue, approximation with EU legislation, cooperation in other policy areas and free trade. Such agreements should be preceded by asymmetrical trade liberalisation. The European Council urges the countries of the region to work together and with the Union to make a success of the Stabilisation and Association Process.”

<sup>2</sup> This designation is without prejudice to positions on status, and is in line with the United Nations Security Council Resolution 1244 and the International Court of Justice opinion on the Kosovo declaration of independence

<sup>3</sup> [2023 Communication new Growth Plan for the Western Balkans - European Commission](#)

<sup>4</sup> Regulation (EU) 2024/823 of the European Parliament and of the Council of 28 February 2024 on exceptional trade measures for countries and territories participating in or linked to the Stabilisation and Association process (codification), OJ L, 2024/823, 6.3.2024.

cases of lack of administrative cooperation for the verification of evidence of origin, a form of non-compliance by the beneficiary which is already covered under Article 2(1)(c), and in any case seems better suited for a suspension under Article 2(3).

In order to remove the legal uncertainty created by those rules, it is proposed to delete the non-compliance with Article 2(1), (a), (b) or (c) from Article 10 and retain Article 2(3) as the sole mechanism in place for the suspension of benefits due to non-compliance with Article 2(1), (a), (b) or (c). It is further proposed to delete the elements concerning the lack of administrative cooperation for the verification of evidence of origin from Article 10 since that form of non-compliance is covered in Article 2(1)(c). The proposed amendment would result in the following suspension system:

- non-compliance with Article 2(1), (a), (b) or (c), or Article 2(2), may result in suspension, in whole or in part, of benefits under Article 2(3);
- non-compliance with Article 2(1)(d), may result in suspension, in whole or in part, of benefits under a new Article 2(4), pursuant to Article 6; and
- sufficient evidence of fraud or massive increase in exports into the Union above the level of normal production and export capacity, may lead to temporary suspension under Article 10.

In addition, it is proposed to delete the second subparagraph of Article 2(2), since it refers to an institutional process that departs from the ordinary legislative procedure which applies to Article 207 TFEU.

Finally, there remains certain obsolete references to the fishery trade concessions in Article 3(2) of the Regulation. Those references have remained since the time when the ATMs included fishery tariff-rate quotas. However, they have gradually become irrelevant as the regulation of those quotas was transferred for all beneficiary countries to the respective bilateral SAAs. They finally ceased to be relevant following the entry into force on 1 April 2016 of the SAA between the EU and Kosovo, which was the last SAA to enter into force. Accordingly, the references to fishery markets and fishery products in Article 3(2) should be removed from the ATMs.

- **Consistency with existing policy provisions in the policy area**

The proposed measures are consistent with the SAAs and in particular with the respective Titles IV thereof, which provide that Parties will progressively establish a free trade area. The measures have contributed to the expansion of the total trade between the EU and the Western Balkans, which exceeded EUR 82 billion in 2023. The EU is the leading trade partner of the Western Balkans, accounting for over 80% of the region's total exports and nearly 59% of their imports.

- **Consistency with other Union policies**

The proposed measures are consistent with the new Growth Plan for the Western Balkans, which aims to enhance the economic integration of the Western Balkan partners with the EU's single market and to accelerate their socio-economic convergence to the EU. For countries on the path to EU accession, closer association with the EU's single market can bring benefits that can be felt directly by their citizens.

The December 2024 Council's conclusions on enlargement mentions that "*the Council remains committed to bringing partners closer to the EU, preparing the ground for accession, and bringing concrete benefits to their citizens already during the enlargement process*", and

that “the EU will continue to extend support at all levels to aspiring members’ political, economic and social transformation, based on tangible progress on rule of law and socio-economic reforms, as well as on partners’ adherence to EU values, rules and standards”<sup>5</sup>.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

The legal basis for the proposal is Article 207(2) of the Treaty on the Functioning of the European Union (TFEU).

- **Subsidiarity (for non-exclusive competence)**

The common commercial policy pertains to the exclusive competence of the Union pursuant to Article 3(1)(e) TFEU. Therefore, the subsidiarity principle does not apply.

- **Proportionality**

The proposed measures have shown to have had a positive impact on the beneficiary countries by contributing to their economic development notably through the establishment of strong partnerships between EU businesses and the local producers in the Western Balkan region. The proposal to extend the measures for an additional five years is therefore considered the most suitable approach to ensure the sustained economic development of the Western Balkan partners, while avoiding a very long and complex process of amending each individual bilateral trade agreement as part of the SAAs.

- **Choice of the instrument**

A regulation pursuant to Article 207(2) TFEU is the appropriate tool to extend non-reciprocal trade preferences.

## **3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

- **Ex-post evaluations/fitness checks of existing legislation**

No formal ex-post evaluation has been carried out given the very limited scope of the measures.

- **Stakeholder consultations**

No formal stakeholders consultations have taken place but there is a unanimous and sustained interest for the continuation of the measures among the beneficiary parties while no objections have been raised by the European economic operators through the various communication platforms set up by the Commission services for the EU industry.

- **Collection and use of expertise**

Not applicable.

- **Impact assessment**

The proposed measures have been in place for nearly 25 years but are now much reduced as most of the preferences were gradually integrated in the individual SAAs between the EU and

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<sup>5</sup> General Affairs Council, Council conclusions on Enlargement as approved by the Council on 17 December 2024. <https://data.consilium.europa.eu/doc/document/ST-16983-2024-INIT/en/pdf>.

the beneficiaries. While the economic impact of the measures is limited, their prolongation demonstrates a strong guarantee of the EU's commitment to the trade integration of the Western Balkans. It would also contribute to ensuring the stability of market access conditions for economic operators both in the region and in the EU. Should the Regulation not be extended by 31 December 2025, the Western Balkans will be deprived of this liberalised market access for key agricultural products (fruits and vegetables) which are important for this sensitive region. This is supported by data showing that between 2018 and 2024, there was an expansion of over 125% of the total trade covered by the measures, which went from EUR 60.5 million to EUR 137 million.

- **Regulatory fitness and simplification**

As the proposed measures have already been in place for nearly 25 years, the beneficiaries are very well informed and know how to comply with the conditionalities foreseen in the Regulation. In addition, the Regulation was the object of codification in 2024.

- **Fundamental rights**

The proposed measures would respect the basic principles enshrined in the respective SAAs. In particular, respect for democratic principles, human rights and fundamental freedoms (Article 3 of the EU-Kosovo SAA, and Article 2 of the other SAAs).

#### **4. BUDGETARY IMPLICATIONS**

The proposed Regulation is not expected to incur additional costs in the EU budget. Also, the extension of the period of application of the Regulation is not expected to have additional budgetary impact on the revenue side for the years of the proposed extension as compared to the budgetary impact of the current ATMs.

#### **5. OTHER ELEMENTS**

- **Implementation plans and monitoring, evaluation and reporting arrangements**

In the context of the sub-committee meetings taking place under the umbrella of the SAAs, monitoring and reporting on the use of bilateral preferences is regularly on the agenda of bilateral discussions with the Western Balkan partners.

- **Explanatory documents (for directives)**

Not applicable.

- **Detailed explanation of the specific provisions of the proposal**

This proposal concerns the following amendments to the Regulation:

- 1) In order to remove the conflict between Article 2(3) and Article 10 with respect to consequences of non-compliance with Article 2(1), (a), (b) or (c), and to create legal certainty, it is proposed to delete these situations of non-compliance from the instances covered by Article 10 and retain Article 2(3) as the sole mechanism in place for the suspension of benefits due to non-compliance with Article 2(1), (a), (b) or (c).
- 2) Further to the amendment suggested above, it seems that the non-compliance listed in Article 10 concerning the lack of administrative cooperation for the verification of evidence of origin is already covered under Article 2(1)(c), and in any case is better

suited for suspension under Article 2(3). In that respect, it is proposed to place it in Article 2(1)(c).

- 3) It is proposed to delete the second subparagraph of Article 2(2), since it refers to an institutional process that departs from the ordinary legislative procedure which applies to Article 207 TFEU.
- 4) For clarity, a new Article 2(4) should be introduced to specify that the non-compliance with Article 2(1)(d) may result in suspension of preferences, pursuant to Article 6.
- 5) In order to accurately reflect its content, Article 2 should be renamed.
- 6) Since the unilateral preferences to Kosovo were included in the EU-Kosovo SAA, which was the last SAA to enter into force, on 1 April 2016, the autonomous trade preferences no longer concern any fishery trade concessions. For the purpose of clarity, it is therefore proposed to remove the remaining obsolete references to fishery markets and fishery products in Article 3(2).
- 7) It is proposed to extend the duration of the application of the Regulation until 31 December 2030.

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending Regulation (EU) 2024/823 of 28 February 2024 on exceptional trade measures for countries and territories participating in or linked to the Stabilisation and Association Process**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Council Regulation (EU) 2024/823<sup>1</sup> establishes a system of autonomous trade measures (ATMs) between the Union and the Western Balkan countries and territories by exempting from customs duties and charges having equivalent effect certain agricultural products originating in the Western Balkans and providing certain wine products originating in the Western Balkans with an access to a global tariff quota.
- (2) The current ATMs for Western Balkans cover two remaining benefits: firstly, the suspension of the specific duties for all fruits and vegetables which are subject to the entry-price system, and secondly, the access to a global tariff quota for wine which is available on a first come first served basis once the Western Balkan countries have exhausted the national quota in their respective Stabilisation and Association Agreement ('SAA'). Despite the limited scope of the current ATMs, they remain important. However, Regulation (EU) 2024/823 expires on 31 December 2025.
- (3) The system of ATMs constitutes a valuable support for the economies of the Western Balkan partners while not creating negative effects for the Union.
- (4) The Union should therefore continue supporting the vulnerable economies of the region by extending the period of application of Regulation (EU) 2024/823 for an additional 5 years. Extending the period of application of Regulation (EU) 2024/823 demonstrates the Union's strong commitment to the trade integration of the Western Balkans.
- (5) It is therefore appropriate to extend the period of application of Regulation (EU) 2024/823 until 31 December 2030.

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<sup>1</sup> Regulation (EU) 2024/823 of the European Parliament and of the Council of 28 February 2024 on exceptional trade measures for countries and territories participating in or linked to the Stabilisation and Association process (OJ L, 2024/823, 6.3.2024, ELI: <http://data.europa.eu/eli/reg/2024/823/oj>).

- (6) Extending the period of application of the ATMs is consistent with Regulation (EU) 2024/1449 of the European Parliament and of the Council<sup>2</sup>.
- (7) Following the entry into force of the EU-Kosovo<sup>3</sup> Stabilisation and Association Agreement (SAA), the last of the SAAs to enter into force, references to the fishery trade concessions in Article 3(2) of Regulation (EU) 2024/823 should be removed as those quotas were transferred for all beneficiary countries to the respective bilateral SAAs.
- (8) There is an overlap between Article 2(3) and Article 10 of Council Regulation (EU) 2024/823, leading to conflicting mechanisms for the suspension of benefits, which should be addressed to create legal certainty,

HAVE ADOPTED THIS REGULATION:

#### *Article 1*

Regulation (EU) 2024/823 is amended as follows:

1. Article 2 is amended as follows:
  - (a) the title is replaced by the following:

‘Conditions for entitlement to and related suspension of the preferential arrangements’;
  - (b) Article 2(1), point (c) is replaced by the following:

‘(c) the involvement of beneficiary parties in effective administrative cooperation, including as required for the verification of evidence of origin, with the Union in order to prevent any risk of fraud; and’;
  - (c) Article 2(2) is replaced by the following:

‘Without prejudice to the conditions laid down in paragraph 1 of this Article, entitlement to benefit from the preferential arrangements referred to in Article 1 shall be subject to the readiness of the beneficiary parties to engage in effective economic reforms and in regional cooperation with other countries involved in the Stabilisation and Association process, in particular through the establishment of free trade areas in accordance with Article XXIV of the GATT 1994 and other relevant WTO provisions.’;
  - (d) Article 2(4) is added:

‘In the event of non-compliance by a beneficiary party with paragraph 1 point (d), the Commission may suspend, in whole or in part, the entitlement of a beneficiary party concerned to benefits under this Regulation, pursuant to Article 6.’
2. Article 3(2) is replaced by the following:

‘2. Notwithstanding other provisions of this Regulation, in particular Article 10, given the particular sensitivity of the agricultural markets, where imports of agricultural products cause serious disturbance to Union markets and their regulatory

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<sup>2</sup> Regulation (EU) 2024/1449 of the European Parliament and of the Council of 14 May 2024 on establishing the Reform and Growth Facility for the Western Balkans (OJ L, 2024/1449, 24.5.2024, ELI: <http://data.europa.eu/eli/reg/2024/1449/oj>).

<sup>3</sup> This designation is without prejudice to positions on status, and is in line with the United Nations Security Council Resolution 1244 and the International Court of Justice opinion on the Kosovo declaration of independence.

mechanisms, the Commission may adopt appropriate measures by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 8(3).'

3. Article 10 is replaced by the following:

*‘Article 10*

**Other temporary suspension measures**

1. Where the Commission finds that there is sufficient evidence of fraud or that there is a massive increase in imports into the Union above the level of normal production and export capacity, it may take measures to suspend in whole or in part the arrangements provided for in this Regulation for a period of three months, provided that it has first:

- (a) informed the Western Balkans Implementation Committee;
- (b) called on the Member States to take such precautionary measures as are necessary in order to safeguard the Union’s financial interests or to secure compliance by the beneficiary parties with Article 2(1);
- (c) published a notice in the *Official Journal of the European Union* stating that there are grounds for reasonable doubts about the application of the preferential arrangements or compliance with Article 2(1) by the beneficiary party concerned which may call into question its right to continue enjoying the benefits granted by this Regulation.

The measures referred to in the first subparagraph of this paragraph shall be adopted by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 8(3).

2. Upon the conclusion of the period of suspension, the Commission shall decide either to terminate the provisional suspension measure or to extend the suspension measure in accordance with paragraph 1.’

4. In Article 12, the second paragraph is replaced by the following:

‘It shall apply until 31 December 2030.’

*Article 2*

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

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

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

**LEGISLATIVE FINANCIAL STATEMENT 'REVENUE' - FOR PROPOSALS  
HAVING BUDGETARY IMPACT ON THE REVENUE SIDE OF THE BUDGET**

**1. NAME OF THE PROPOSAL:**

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2024/823 of 28 February 2024 on exceptional trade measures for countries and territories participating in or linked to the Stabilisation and Association Process

**2. BUDGET LINES:**

Revenue line (Chapter/Article/Item): Chapter 12, Article 120

Amount budgeted for the year concerned (2025): 21 082 004 566 €

*(only in case of assigned revenues):*

The revenues will be assigned to the following expenditure line (Chapter/Article/Item):

**3. FINANCIAL IMPACT**

- Proposal has no financial implications
- Proposal has no financial impact on expenditure but has a financial impact on revenue
- Proposal has a financial impact on assigned revenue

The effect is as follows:

*(EUR million to one decimal place)*

Revenue line	Impact on revenue <sup>12</sup>	XX months period starting dd/mm/yyyy <i>(if applicable)</i>	Year N
Chapter/Article/Item ...			
Chapter/Article/Item ...			

Situation following action					
Revenue line	[N+1]	[N+2]	[N+3]	[N+4]	[N+5]
Chapter/Article/Item ...					
Chapter/Article/Item ...					

<sup>1</sup> The amounts per year need to be an estimation based on the formula or method defined under section 5. For the starting year, the yearly amount is normally paid without a reduction or prorata.

<sup>2</sup> In the case of traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.

*(Only in case of assigned revenues, under the condition that the budget line is already known):*

Expenditure line <sup>3</sup>	Year N	Year N+1
Chapter/Article/Item ...		
Chapter/Article/Item ...		

Expenditure line	[N+2]	[N+3]	[N+4]	[N+5]
Chapter/Article/Item ...				
Chapter/Article/Item ...				

#### **4. ANTI-FRAUD MEASURES**

#### **5. OTHER REMARKS**

The proposed Regulation does not incur additional costs (expenditure) in the EU budget.

The extension of the ATMs (2026-2030) has no additional budgetary impact on the revenue side for the years of the proposed extension as compared to the budgetary impact of the ATMs in place before that.

Any forgone revenue incurred under the prolongation of the ATMs cannot be considered as a loss of tariff revenue since that revenue has not been perceived since the year 2000, when the first Autonomous Trade Measure were adopted.

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<sup>3</sup> To be used only if necessary.