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RECOMMENDATION

on the draft Council decision on the conclusion of the regional Convention on pan-Euro-Mediterranean preferential rules of origin (11343/2010 – C7-0207/2011 – 2010/0093(NLE))

Committee on International Trade

Rapporteur: Emilio Menéndez del Valle

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.)

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the draft Council decision on the conclusion of the regional Convention on pan-Euro-Mediterranean preferential rules of origin
(11343/2010 – C7-0207/2011 – 2010/0093(NLE))**

(Consent)

The European Parliament,

- having regard to the draft Council decision (11343/2010)
 - having regard to the draft regional Convention on pan-European Mediterranean preferential rules of origin (09429/2010),
 - having regard to the request for consent submitted by the Council in accordance with the first subparagraph of Article 207(4) and Article 218(6), second subparagraph, point (a), of the Treaty on the Functioning of the European Union (C7-0207/2011),
 - having regard to Rules 81 and 90(7) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on International Trade and the opinion of the Committee on Foreign Affairs (A7-0026/2012),
1. Consents to conclusion of the Convention;
 2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the parties to the Regional Convention on Pan-Euro Mediterranean Preferential Rules of Origin and the Presidents of the Euro-Mediterranean Parliamentary Assembly.

EXPLANATORY STATEMENT

In the spirit set by the Barcelona process, this Convention advances the creation of a Euro-Mediterranean Free Trade Area. The first steps towards this goal were the Association Agreements between the EU and its Mediterranean partners. It is now time to build on those agreements.

Until now the Euro Mediterranean system of cumulation of origin has been composed of more than 100 bilateral protocols, which were too complex for businesses, particularly small and medium enterprises and countries, to take advantage of.

The new Convention on pan-Euro-Mediterranean preferential rules of origin brings together all the various rules of origin of goods traded under the relevant trade agreements concluded between the following parties: the European Union, the participants in the Barcelona Process (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia, Turkey and the Palestinian Authority), the EFTA States (Iceland, Norway, Switzerland and Liechtenstein), the Faroe Islands and the participants in the Stabilisation and Association Process (Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia, as well as Kosovo under UNSC Resolution 1244/99), thus facilitating the use of Pan-Euromed cumulation of origin by adopting one single and simplified instrument.

The adoption of this new legal instrument is a potential incentive to stimulate South-South trade, which can contribute to the economic growth, economic diversification, reduction of poverty, and democratisation of the region and also foster social, trade and economic integration amongst Southern Mediterranean countries, given that intensifying this integration has been a major objective of the EU's Euro-Mediterranean policy since the Barcelona Process.

This single instrument creates the necessary legal framework for diagonal cumulation not only across the traditional Southern Mediterranean partners, but also includes the participants in the Stabilization and Association Process and EFTA, thus giving a wider geographical scope to cumulation and a larger recipient market to cumulated exports.

The Arab Spring is a great challenge and an equally great opportunity for the EU in its relationship with the Southern Neighbourhood. Our Southern neighbours are demanding concrete responses from us that facilitate their brave, but uneasy journey towards freedom and democracy. The High Representative and the Commission correctly identified this dossier as a priority within this response framework, as stated in the Joint Communications of 8 March 2011 on "A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean" and of 25 May 2011 on "A new response to a changing Neighbourhood". All in all, the adoption of the Convention represents one of the tools to ensure the maximum impact of trade and investment in the region.

While there are many benefits foreseen, there are also some disfunctionalities that require action from the European Commission. This Parliament is concerned about allegations of irregularities in the arrangements for the implementation of Protocol 4 to the EU-Israel Association Agreement concerning products originating in the Israeli settlements. A new technical arrangement with Israel, or a revision of the existing one, in order to cover this

concern, could bring more certainty and provide an adequate basis for the rejection of preferential treatment under the EU-Israel FTA to products originating in occupied territories by the EU Member State customs authorities. The risk is that if this concern is not effectively addressed the Convention might end up serving as a tool to multiply this malpractice. It is our responsibility to ensure that goods cumulated by third countries with Israel respect the same territorial principles that the EU does. This also goes along the lines of the Judgement of the European Courts of Justice in the so called BRITA case.

Finally, this important step should be followed and consolidated by other ambitious plans to improve and foster trade in the region, starting, as soon as possible, by the update of the pan-Euro-Mediterranean rules of origin. The new democratic movement in the Mediterranean should be an opportunity for the European leaders, not only to improve the human and social rights of their citizens but also to maximize the benefits offered by a friendlier political and economic environment in our Southern Neighbourhood.

12.10.2011

OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on International Trade

On the Proposal for a Council Decision on the conclusion of the regional Convention on pan-Euro-Mediterranean preferential rules of origin
(11343/2010 – C7-0207/2011 – 2010/0093(NLE))

Rapporteur for the opinion: Vincent Peillon

PA_Leg_Consent

SHORT JUSTIFICATION

The rules of origin are criteria making it possible to determine the country of origin of a product, therefore affecting the rights and preferences applicable to it. The Convention on pan-Euro-Mediterranean preferential rules of origin lays down provisions on the origin of goods traded under the relevant trade agreements concluded between the following parties: the European Union, the participants in the Barcelona Process (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia, Turkey and the Palestinian Authority), the EFTA States (Iceland, Norway, Switzerland and Liechtenstein), the Faroe Islands and the participants in the Stabilisation and Association Process (Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia, as well as Kosovo under UNSC Resolution 1244/99).

The Council decision is essentially a rationalisation exercise seeking to replace the current network of more than 100 bilateral protocols on the rules of origin with a regional convention. While the existing arrangements mean that any change to an existing protocol between two member countries of the pan-Euro-Mediterranean area requires a similar change to all the others, the creation of this single legal instrument will make it easier in future to carry out the necessary reviews and updates of the rules.

In adopting this Convention, the aim is also to extend the pan-Euro-Mediterranean system of cumulation of preferential origin to the countries of the Western Balkans, and will facilitate any future enlargement of the EU.

Finally, this revision is inspired by a wish to combat the under-use by Southern economic actors of the trade preferences accorded to them by the EU. Facilitating use of the cumulation

of origin will make it possible to improve access for products from Mediterranean third countries to the Community market and to stimulate trade between the countries of the Southern and Eastern Mediterranean, thus helping to alleviate the lack of economic integration of the Euro-Mediterranean region, given that intensifying this integration has been a major objective of the EU's Euro-Mediterranean policy since the Barcelona Process.

In line with its consistent support for the extension and simplification of this pan-Euro-Mediterranean system, Parliament considers that if this Convention is concluded, as our partners in the Southern and Eastern Mediterranean wish, this will be a step in the right direction and will enable the EU to send for the first time a clear message of openness to trade following the Arab Spring and as part of the reshaping of Europe's Neighbourhood Policy.

Parliament regrets, however, the persistence of the political and commercial barriers which hold back 'South-South' trade and stresses that the beneficial effects of the entry into force of this Convention can only have their full effect as part of a close mesh of bilateral trade agreements among all the partners of the Southern and Eastern shores of the Mediterranean.

Parliament also recalls that it is essential in the interest of keeping the system in equilibrium for each signatory exporting country to apply uniformly and correctly the provisions on administrative cooperation and issuance of certificates of origin, and for each importing country to have sufficient technical, budgetary and IT resources at its disposal to carry out effective customs inspections so as to avoid any abuse of the preference system. In this connection, Parliament is concerned about allegations of irregularities in the arrangements for the implementation of Protocol 4 to the EU-Israel Association Agreement concerning products originating in the Israeli settlements, and calls on the Commission to provide Parliament and the Council with an in-depth study of the situation, together with proposals if necessary.

Finally, Parliament hopes that the conclusion of this agreement will be rapidly followed by the modernisation of the pan-Euro-Mediterranean rules of origin and by more ambitious moves in the EU's trade policy towards our Mediterranean partners seeking to take greater account of their interests and provide them with assurances that they can remain in charge of the pace at which they open up to trade and of their national economic and social development strategies.

The Committee on Foreign Affairs calls on the Committee on International Trade, as the committee responsible, to propose that Parliament gives its consent.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	11.10.2011
Result of final vote	+: 50 -: 3 0: 1
Members present for the final vote	Gabriele Albertini, Sir Robert Atkins, Bastiaan Belder, Elmar Brok, Arnaud Danjean, Michael Gahler, Marietta Giannakou, Ana Gomes, Richard Howitt, Anna Ibrisagic, Jelko Kacin, Ioannis Kasoulides, Evgeni Kirilov, Maria Eleni Koppa, Andrey Kovatchev, Paweł Robert Kowal, Wolfgang Kreissl-Dörfler, Eduard Kukan, Vytautas Landsbergis, Ryszard Antoni Legutko, Sabine Lösing, Ulrike Lunacek, Kyriakos Mavronikolas, Willy Meyer, Francisco José Millán Mon, Alexander Mirsky, Norica Nicolai, Raimon Obiols, Ioan Mircea Pașcu, Bernd Posselt, Hans-Gert Pöttering, Cristian Dan Preda, Libor Rouček, Tokia Saïfi, José Ignacio Salafranca Sánchez-Neyra, Jacek Saryusz-Wolski, Werner Schulz, Marek Siwiec, Inese Vaidere, Geoffrey Van Orden
Substitute(s) present for the final vote	Laima Liucija Andrikiienė, Tanja Fajon, Roberto Gualtieri, Liisa Jaakonsaari, Jaromír Kohlíček, Monica Luisa Macovei, Jacek Protasiewicz, Helmut Scholz, György Schöpflin, Alf Svensson, Indrek Tarand, Traian Ungureanu, Luis Yáñez-Barnuevo García
Substitute(s) under Rule 187(2) present for the final vote	Jolanta Emilia Hibner

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	26.1.2012
Result of final vote	+: 19 -: 0 0: 1
Members present for the final vote	William (The Earl of) Dartmouth, Laima Liucija Andrikienė, María Auxiliadora Correa Zamora, Christofer Fjellner, Yannick Jadot, Metin Kazak, Bernd Lange, Emilio Menéndez del Valle, Vital Moreira, Paul Murphy, Cristiana Muscardini, Godelieve Quisthoudt-Rowohl, Niccolò Rinaldi, Helmut Scholz, Peter Šťastný, Gianluca Susta, Keith Taylor, Jan Zahradil, Paweł Zalewski
Substitute(s) present for the final vote	George Sabin Cutaş, Mário David, Syed Kamall, Silvana Koch-Mehrin, Inese Vaidere
Substitute(s) under Rule 187(2) present for the final vote	Véronique De Keyser, Jutta Haug, Pier Antonio Panzeri, Jean Roatta