



EUROPEAN
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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Council Regulation (EC) No 55/2008 introducing autonomous trade preferences for the Republic of Moldova

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The European Union and the Republic of Moldova signed an Association Agreement, including the establishment of a Deep and Comprehensive Free Trade Area (DCFTA) on 27 June 2014. In the framework of the AA/DCFTA negotiations, the Republic of Moldova has adopted an ambitious agenda for political association and further economic integration with the Union. It has also made strong progress on regulatory approximation leading to convergence with Union laws and standards.

Recently the Republic of Moldova has experienced and continues to experience difficulties with its fruit and vegetables exports to some of its traditional markets, which threaten its economic recovery and the reform process that is vigorously pursued by the government of the Republic of Moldova. The agricultural sector represents around 40 per cent of the Republic of Moldova's economy and the horticultural sector is an important part of it, providing employment to some 250,000 people (i.e. around 10% of the active population), who are mainly living in rural areas and cultivating medium to smaller family plots. Moreover, horticultural export levels have fallen in recent years and any significant further decline would have a disproportionately adverse effect, not just on the economy but on society as a whole.

In the framework of the DCFTA, the Union committed itself to fully liberalise the market access for a number of fresh fruits and vegetables up to certain volumes set above the Republic of Moldova's traditional exports to the Union. Taking into consideration the current temporary severe difficulties in accessing the Republic of Moldova's traditional export markets for a number of products, the European Commission proposes to increase temporarily its fully liberalised market access for imports of these products from the Republic of Moldova, allowing their commercialisation in the Union.

The proposed amendment to Council Regulation (EC) No 55/2008 introduces three new duty free tariff quotas for fresh apples, fresh table grapes and fresh plums. As the Autonomous Trade Preference scheme expires at the end of 2015, this amendment provides for a time-limited response to the immediate needs for the key export products adversely affected (i.e. apples, plums and table grapes).

2. LEGAL ELEMENTS OF THE PROPOSAL

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

3. BUDGETARY IMPLICATION

The proposed amendment to the Regulation incurs negligible implications for the EU budget. The total imports from the Republic of Moldova to the EU in 2013 constituted 0.1% of the total imports to the EU. Whereas about 90% of all imports from the Republic of Moldova enter the EU duty-free, imports of fresh apples, fresh plums and fresh table grapes under entry price from the Republic of Moldova represented less than 0.01% of the total EU imports from the world of these products.

The corresponding loss of tariff revenue should therefore have a limited impact on the EU's own resources. Although the duty-free quotas proposed are significantly higher than the current imports from the Republic of Moldova of those three products, filling in of these

quotas by the Republic of Moldova is not expected to significantly increase the Republic of Moldova's share in the EU total imports of the products concerned.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Council Regulation (EC) No 55/2008 introducing autonomous trade preferences for the Republic of Moldova

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 (EC) No 55/2008¹ established a specific scheme of autonomous trade preferences (ATPs) for the Republic of Moldova. That scheme gives all products originating in the Republic of Moldova free access to the Union market, except for certain agricultural products listed in Annex I to that Regulation for which limited concessions have been granted either in the form of exemption from customs duties within the limit of tariff quotas or of reduction of customs duties.
- (2) In the framework of the European Neighbourhood Policy (ENP), the EU-Moldova ENP Action Plan, and the Eastern Partnership, the Republic of Moldova has adopted an ambitious agenda for political association and further economic integration with the Union. The Republic of Moldova has also already made strong progress on regulatory approximation leading to convergence with Union laws and standards.
- (3) The Association Agreement, including the establishment of a Deep and Comprehensive Free Trade Area (DCFTA) between the Union and the Republic of Moldova was signed on 27 June 2014 and will apply provisionally from 1 September 2014.
- (4) The specific scheme of autonomous trade preferences will continue to apply until 31 December 2015.
- (5) In order to support the efforts of the Republic of Moldova in accordance with the objectives set out in the ENP, the Eastern Partnership and the Association Agreement, and to provide an attractive and reliable market for its exports of fresh apples, fresh plums and fresh table grapes, further concessions should be made for the import of those products from the Republic of Moldova into the Union, on the basis of duty free tariff quotas.

¹ Council Regulation (EC) No 55/2008 of 21 January 2008 introducing autonomous trade preferences for the Republic of Moldova and amending Regulation (EC) No 980/2005 and Commission Decision 2005/924/EC (OJ L 20, 24.1.2008, p. 1).

- (6) It is also necessary to amend certain CN codes in the Annex to this Regulation in order to reflect the amendments introduced to Annex I to Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff² by Commission Implementing Regulation (EU) No 1001/2013³.
- (7) In order to allow the operators to benefit from those further concessions as soon as possible, this Regulation should enter into force on the day of its publication in the Official Journal of the European Union.
- (8) In view of the seasonal production peak of those products, it is appropriate to apply the further concessions from 1 August 2014.
- (9) Regulation (EC) No 55/2008 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

In Annex I to Regulation (EC) No 55/2008, Table 1 is replaced by the text set out in the Annex to this Regulation.

Article 2

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

It shall apply from 1 August 2014.

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

² OJ L 256, 7.9.1987, p. 1

³ OJ L 290, 31.10.2013, p. 1

| FINANCIAL STATEMENT | | FinancSt/2014 JE/ks/2755352 6.9.2014.1 | | | |
|--|---|--|--|---|------|
| | | DATE: 28/07/2014 | | | |
| 1. | BUDGET HEADING: Chapter 12 – Customs duties and other duties | APPROPRIATIONS: B 2014: EUR 16 185.6 million | | | |
| 2. | TITLE: Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 55/2008 introducing autonomous trade preferences for the Republic of Moldova. | | | | |
| 3. | LEGAL BASIS: Treaty on the Functioning of the European Union, in particular Article 207(2). | | | | |
| 4. | AIMS: To further liberalise imports of certain products of the fruit and vegetables sector from the Republic of Moldova into the EU. | | | | |
| 5. | FINANCIAL IMPLICATIONS | 12 MONTH PERIOD (EUR million) | CURRENT FINANCIAL YEAR 2014 (EUR million) | FOLLOWING FINANCIAL YEAR 2015 (EUR million) | |
| 5.0 | EXPENDITURE - CHARGED TO THE EU BUDGET (REFUNDS/INTERVENTIONS) - NATIONAL AUTHORITIES - OTHER | - | - | - | |
| 5.1 | REVENUE - OWN RESOURCES OF THE EU (LEVIES/CUSTOMS DUTIES) - NATIONAL | - | - | - | |
| | | 2016 | 2017 | 2018 | 2019 |
| 5.0.1 | ESTIMATED EXPENDITURE | - | - | - | - |
| 5.1.1 | ESTIMATED REVENUE | - | - | - | - |
| 5.2 | METHOD OF CALCULATION: - | | | | |
| OBSERVATIONS : | | | | | |
| Most of the products currently imported from the Republic of Moldova in the EU already benefit from trade preferences due to the existing autonomous trade measures. | | | | | |
| This proposal will have an effect on collected import duties. However, in view of the very limited quantities | | | | | |

imported, this effect is expected to be limited and cannot be quantified precisely at present.

The proposed amendment to the Regulation incurs negligible implications for the EU budget. The total imports from the Republic of Moldova to the EU in 2013 constituted 0.1% of the total imports to the EU. Whereas about 90% of all imports from the Republic of Moldova enter the EU duty-free, imports of fresh apples, fresh plums and fresh table grapes under entry price from the Republic of Moldova represented less than 0.01% of the total EU imports from the world of these products.

The corresponding loss of tariff revenue should therefore have a limited impact on the EU's own resources. Although the duty-free quotas proposed are significantly higher than the current imports from the Republic of Moldova of those three products, filling in of these quotas by the Republic of Moldova is not expected to significantly increase the Republic of Moldova's share in the EU total imports of the products concerned.