EUROPEAN
COMMISSION

Brussels, 18.10.2024
COM(2024) 471 final

2024/0259 (NLE)

Proposal for a

COUNCIL DECISION

on the signing, on behalf of the European Union, of the Enhanced Partnership and Cooperation Agreement between the European Union, of the one part, and the Republic of Uzbekistan, of the other part

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

- **Reasons for and objectives of the proposal**

The attached proposal constitutes the legal instrument for authorising the signing of the Enhanced Partnership and Cooperation Agreement between the European Union and the Republic of Uzbekistan (hereinafter referred to as the 'EPCA' or the 'Agreement').

Relations between the European Union (EU) and the Republic of Uzbekistan (Uzbekistan) are currently based on the Partnership and Cooperation Agreement (hereinafter referred to as the 'PCA') signed in Brussels on 21 June 1996, which entered into force on 1 July 1999.

On 9 October 2017, the Council adopted a Decision authorising the opening of negotiations with Uzbekistan for an Enhanced Partnership and Cooperation Agreement. The negotiation of the Agreement commenced in November 2018. The European Union and the Republic of Uzbekistan finalised their negotiation of the EPCA in June 2022. On 6 July 2022, the text of the EPCA was initialled by the chief negotiators.

The Agreement constitutes an important step towards enhancing the EU's political and economic engagement with Central Asia. It will provide the basis for more effective bilateral engagement between the EU and Uzbekistan by strengthening political dialogue and enhancing cooperation across a broad range of areas.

The EPCA covers the EU's standard clauses on human rights, the International Criminal Court (ICC), Weapons of Mass Destructions (WMD), Small Arms and Light Weapons (SALW), and counter-terrorism. It also encompasses cooperation in areas such as health, environment, climate change, energy, tax, education and culture, labour, employment and social affairs, science and technology, and transport. The Agreement further addresses legal cooperation, the rule of law, money laundering and terrorist financing, organised crime and corruption. The trade part of the Agreement is expected to ensure a better regulatory environment for economic operators and will thus bring substantial economic benefits for EU businesses. The EPCA does not constitute an initiative within the remit of the Regulatory Fitness Programme (REFIT).

The Agreement sets up an institutional framework composed of a Cooperation Council, Cooperation Committee, and Parliamentary Cooperation Committee (see Title VII 'Institutional, general and final provisions'), an Intellectual Property Rights Sub-Committee, and allows for the establishment of sub-committees and other bodies to assist the Cooperation Council. It equally establishes a fulfilment of obligations mechanism to address failure by one of the Parties to fulfil obligations assumed under the Agreement.

As of its entry into force, the Agreement supersedes the Partnership and Cooperation Agreement between the European Communities and their Member States, of the one part, and the Republic of Uzbekistan, of the other part, signed on 21 June 1996.

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

The EPCA builds on the ambitions and needs of Uzbekistan and the EU respectively to take forward their bilateral relationship, in the spirit of the Council conclusions on the EU's new Strategy on Central Asia of 17 June 2019. The Agreement will contribute to the implementation of the EU's new Strategy on Central Asia adopted on 15 May 2019.

The EPCA modernises the 1999 PCA, extending its scope into new areas of cooperation and significantly upgrading the regulatory framework for our trade and economic relations in line with the World Trade Organisation (WTO) rules and regional economic agreements.

The Agreement, once implemented, will be usefully complemented by the Generalised System of Preferences (GSP+) mechanism, from which Uzbekistan has benefited since 2021. This scheme offers additional tariff preferences in exchange for compliance with 27 core human rights, governance, environment and labour conventions.

- **Consistency with other Union policies**

The EPCA fully respects the Treaties and preserves the integrity and the autonomy of the Union's legal order. It promotes the values, objectives, and interests of the Union, and ensures the consistency, effectiveness and continuity of its policies and actions.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

– **Substantive legal basis**

According to the case-law, if examination of an EU measure reveals that it pursues two purposes or that it comprises two components and if one of these is identifiable as the main or predominant purpose or component, whereas the other is merely incidental, the measure must be founded on a single legal basis, namely that required by the main or predominant purpose or component. Exceptionally, if it is established, on the other hand, that the measure simultaneously pursues a number of objectives, or has several components, which are inextricably linked without one being incidental to the other, so that various provisions of the Treaty are applicable, the measure must be founded on the various corresponding legal bases (see, to that effect, judgments of 10 January 2006, *Commission* v *Parliament and Council*, C-178/03, EU:C:2006:4, paragraphs 42 and 43; of 11 June 2014, *Commission* v *Council*, C-377/12, EU:C:2014:1903, paragraph 34; of 14 June 2016, *Parliament* v *Council*, C-263/14, EU:C:2016:435, paragraph 44; and of 4 September 2018, *Commission v Council (Kazakhstan)*, C-244/17, ECLI:EU:C:2018:662, paragraph 40).

In this particular case, the Agreement pursues two main objectives and has two main components which fall within the area of common commercial policy and development cooperation . The legal basis of the proposed decision should therefore be Articles 207 and 209[1] of the Treaty on the Functioning of the European Union (TFEU).

It is noted that the Agreement does not include areas falling within the competence of the Member States, and therefore does not require the Member States to become a Party to this Agreement.

– **Procedural legal basis**

Article 218(5) TFEU provides for the adoption of a decision by the Council on the signing of an agreement.

[1] The Republic of Uzbekistan is a lower middle income country included on the DAC list of Official Development Assistance recipients effective for reporting on 2020, 2021, 2022 and 2023 flows, as mentioned in Article 3(3) of the Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe.

Article 218(8) TFEU provides that the Council is to act by qualified majority except for the circumstances listed in the second subparagraph of Article 218(8) TFEU where the Council is to act unanimously. Given the fact that the two predominant components of the Agreement are trade policy and development cooperation, the voting rule for this particular case is therefore qualified majority.

Following the authorisation of the signing by the Council, in accordance with Article 17 TEU it is the prerogative of the Commission to represent the Union externally.

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

The Agreement covers matters of EU exclusive competence, such as the common commercial policy, and the EU part of a parallel competence, such as development policy. It strengthens political dialogue and cooperation between the EU and the Republic of Uzbekistan. Therefore, action at EU level is required.

- **Proportionality**

The Agreement does not go beyond what is necessary to achieve the policy objectives of strengthening relations between the EU and the Republic of Uzbekistan, with a view to furthering democratic reforms, the rule of law and sustainable economic development as a means to increase the stability and security of the Republic of Uzbekistan. The Agreement does not require the Union to amend its rules, regulations or standards in any regulated area.

3. RESULTS OF STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Consultations**

The Council has been regularly informed and consulted in the relevant Council Working Party, notably in the the Working Party on Eastern Europe and Central Asia (COEST) and the Trade Policy Committee (TPC), at all stages of the negotiations.

The European Parliament has been kept regularly and promptly informed throughout the negotiations.

The High Representative and the Commission consider that the objectives set by the Council in its negotiating directives have been attained, and that the draft Agreement can be submitted for signature.

- **Impact assessment**

An impact assessment has not been carried out, as the Agreement mostly updates and enhances the existing PCA, and will therefore not introduce substantial new areas of cooperation which would have a considerable economic, social or environmental impact. The expected impact is predominantly political - the EU aims at reinforcing a partner country's political course and at strengthening the political capital of the EU. There can be positive social consequences in Uzbekistan related mainly to the envisaged provisions on the rule of law, human rights and security. An increase in trade is also expected as a result of an improved business environment, but does not present any risk to specific industry sectors on either side, as Uzbekistan and the EU are not competing in the same sectors. The preparation of an impact assessment is not deemed likely to deliver results commensurate with the resources deployed.

2024/0259 (NLE)

Proposal for a

COUNCIL DECISION

on the signing, on behalf of the European Union, of the Enhanced Partnership and Cooperation Agreement between the European Union, of the one part, and the Republic of Uzbekistan, of the other part

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 207 and 209, in conjunction with Article 218(5),

Having regard to the proposal by the European Commission,

Whereas:

(1) On 16 July 2018, the Council authorised the opening of negotiations with the Republic of Uzbekistan for an Enhanced Partnership and Cooperation Agreement,

(2) Building upon the desire of the Parties to strengthen and widen relations in an ambitious and innovative way, the negotiation of the Enhanced Partnership and Cooperation Agreement ('the Agreement') was successfully finalised by the initialling of the Agreement on 6 July 2022,

(3) Therefore, the Agreement should be signed on behalf of the European Union,

(4) In accordance with the Treaties, it is for the Commission to ensure the signing of the Agreement, subject to its conclusion at a later date,

HAS ADOPTED THIS DECISION:

Article 1

1. The signing of the Enhanced Partnership and Cooperation Agreement between the European Union, of the one part, and the Republic of Uzbekistan, of the other part, is hereby approved on behalf of the European Union, subject to the conclusion of the said Agreement.

2. The text of the Agreement to be signed is attached to this Decision.

Article 2

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

Done at Brussels,

For the Council
The President