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2015/0218 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the introduction of emergency autonomous trade measures for the Republic of Tunisia

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The current framework for trade relations between the European Union and the Republic of Tunisia ('Tunisia') is provided by the Euro-Mediterranean Association Agreement ('Agreement'), signed in 1995. The Agreement entered into force in 1998 and laid the foundation for the establishment of a Free Trade Area, including a progressive liberalization on agriculture. Tunisia and the EU are on the verge of engaging in negotiations for establishing a Deep and Comprehensive Free Trade Agreement (DCFTA) that will notably provide for further liberalisation of trade in agriculture.

The terrorist attack of 26 June 2015 in Sousse prompted a reaction from the EU on the need to further assist Tunisia in its political and economic transition, in a concrete and targeted manner, through actions that can be effective in the short-term.

On 20 July 2015 the Foreign Affairs Council discussed the situation in Tunisia and concrete measures which the EU could take to support it. The Council adopted the Conclusions on Tunisia[1] outlining actions to be taken to support Tunisian political transition and economy.

Against this background the European Commission proposes to offer a temporary, unilateral duty free tariff rate quota of 35 000 tons annually for Tunisia's exports of olive oil to the Union, under the form of autonomous trade measure. Such quota will be made available for a period of two years, from 1 January 2016 until 31 December 2017. This additional volume will be opened once the existing duty free tariff rate quota of 56 700 tonnes, enshrined in the Agreement, is exhausted.

Olive oil is Tunisia’s main agricultural export to the EU, and the olive oil industry is an important part of the country’s economy, providing direct and indirect employment to more than one million people and representing one-fifth of the country’s total agricultural employment.

It is to be noted that the concession should not prejudge the outcome of the agricultural negotiations in the framework of the DCFTA, due to start in October 2015.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

The legal basis for the proposal is Article 207(2) of the Treaty on the Functioning of the European Union. The initiative falls under the exclusive competence of the EU according to Article 3(e) TFEU. Therefore, the subsidiarity principle does not apply.

3. BUDGETARY IMPLICATIONS

The measures might lead to a modest net increase on imports as most of the quota increase will probably replace current inward processing trade (about 50000 tonnes of olive oil a year under the Inward Processing regime), resulting in a reduction of the imports under this regime. The budgetary implications (of duty collections) cannot be quantified precisely at present, but are assumed to be insignificant.

[1] Council Conclusions on Tunisia – Document number 11076/15

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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) The Euro-Mediterranean Agreement[2] constitutes the basis of the relationship between the Union and Tunisia.

(2) Following the terrorist attack of 26 June 2015 in Sousse, Tunisia, the Council of the European Union, in its Conclusions of 20 July 2015, stated that the Union, in consultation with its Member States, would explore the option of taking exceptional measures to support the Tunisian economy.

(3) Olive oil is Tunisia's main agricultural export product to the Union and the olive oil industry is an important part of the country's economy.

(4) The Union can best support Tunisia's economy, in accordance with the objectives set out in the European Neighbourhood Policy and in the Euro-Mediterranean Agreement, by providing an attractive and reliable market for Tunisia's exports of olive oil. This requires autonomous trade measures allowing for the import of this product into the Union on the basis of a duty free tariff quota.

(5) In order to prevent fraud, the envisioned autonomous trade measures should be subject to compliance by Tunisia with the Union's relevant rules regarding the origin of products and the procedures related thereto, as well as to Tunisia's effective administrative cooperation with the Union.

(6) The preservation of the stability of the olive oil market in the Union requires that the additional volume generated by the autonomous trade measures is only made available after the exhaustion of the volume of the annual olive oil duty free tariff rate quota laid down in Article 3(1) of Protocol 1 to the Euro-Mediterranean Agreement.

[2] Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Tunisia, of the other part (OJ L 97, 30.3.1998, p. 2).

(7) Article 184 of Regulation (EU) No 1308/2013 of the European Parliament and of the Council[3] lays down the rules on the administration of tariff quotas. Those rules should also apply to the measures provided for in this Regulation.

(8) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred to the Commission as regards the respect of the conditions subject to which the preferential arrangements are provided for. Those implementing powers should be exercised with the assistance of the Committee for the Common Organisation of Agricultural Markets and in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[4].

(9) The specific autonomous trade measures established by this Regulation are intended to alleviate the difficult economic situation, which Tunisia is currently facing, due to the terrorist attacks. Those measures should therefore be limited in time and be without prejudice to the negotiations between the Union and Tunisia on the establishment of a Deep and Comprehensive Free Trade Area (DCFTA), which are to start in October 2015. An extension of the application period may be contemplated at the end of this period if warranted by the market situation or progress in the DCFTA negotiations.

(10) In view of the severe damage done to Tunisia's economy, and in particular its tourism sector, by the terrorist attack in Sousse on 26 June 2015, and the need to take measures to alleviate Tunisia's economic situation in the short term, it was considered to be appropriate to provide for an exception to the eight-week period referred to in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaty on European Union, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community,

HAVE ADOPTED THIS REGULATION:

Article 1

Preferential arrangements

An annual duty free tariff quota of 35 000 tons is opened for imports into the Union of virgin olive oil originating in Tunisia and falling within CN codes 1509 10 10 and 1509 10 90.

Article 2

Conditions for entitlement to the import tariff quota

Entitlement to the benefit of the import tariff quota referred to in Article 1 of this Regulation shall be subject to compliance by Tunisia with the rules regarding the origin of products and with the procedures related thereto, provided for in Protocol No 4 to the Euro-Mediterranean Agreement.

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[3] Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).

[4] Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

Article 3

Access to the annual tariff quota

The annual tariff quota referred to in Article 1 of this Regulation shall be made available only after the exhaustion of the volume of the annual olive oil duty free tariff rate quota provided for in Article 3(1) of Protocol 1 to the Euro-Mediterranean Agreement.

Article 4

Administration of the quota

The Commission shall administer the tariff rate quota in accordance with Article 184 of Regulation (EU) No 1308/2013.

Article 5

Temporary suspension

Where the Commission finds that there is sufficient evidence of a failure by Tunisia to comply with the conditions set out in Article 2, it may adopt an implementing act suspending in whole or in part the preferential arrangements provided for in Article 1. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 6(2).

Article 6

Committee procedure

1. The Commission shall be assisted by the Committee for the Common Organisation of Agricultural Markets, established by Article 229 of Regulation (EU) No 1308/2013. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 7

Entry into force and application

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

It shall apply from 1 January 2016 until 31 December 2017.

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

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*