

Autonomous trade preferences for Moldova

2014/0250(COD) - 01/09/2014 - Legislative proposal

PURPOSE: to amend Council Regulation (EC) No 55/2008 with a view to further liberalising imports of certain products of the fruit and vegetables sector from Moldova into the EU.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Council Regulation (EC) No 55/2008 established a specific scheme of autonomous trade preferences (ATPs) for 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.

In the framework of the European Neighbourhood Policy (ENP), the EU-Moldova ENP Action Plan, and the Eastern Partnership, Moldova has adopted an **ambitious agenda for political association** and further economic integration with the Union.

The Association Agreement, including the establishment of a Deep and Comprehensive Free Trade Area (DCFTA) between the Union and Moldova was signed on 27 June 2014 and will apply provisionally from 1 September 2014. The specific scheme of autonomous trade preferences will continue to apply until 31 December 2015.

Recently 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 Moldova. The agricultural sector represents around 40 per cent 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). Moreover, horticultural export levels have fallen in recent years.

Taking into consideration the current temporary severe difficulties in accessing 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 Moldova, allowing their commercialisation in the Union.

CONTENT: in order to support the efforts of Moldova in accordance with the objectives set out in the ENP, the Eastern Partnership and the Association Agreement, 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).

BUDGETARY IMPLICATIONS: the proposed amendment to the Regulation incurs **negligible** implications for the EU budget. The total imports from Moldova to the EU in 2013 constituted 0.1% of the total imports to the EU. Whereas about 90% of all imports from 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.