

Procedure file

Basic information		
NLE - Non-legislative enactments Decision	2011/0324(NLE)	Procedure completed
EU/Russia Agreement: trade in parts and components of motor vehicles		
Subject		
3.40.03 Motor industry, cycle and motorcycle, commercial and agricultural vehicles		
6.20.01 Agreements and relations in the context of the World Trade Organization (WTO)		
6.20.03 Bilateral economic and trade agreements and relations		
6.20.04 Union Customs Code, tariffs, preferential arrangements, rules of origin		
Geographical area		
Russian Federation		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	INTA International Trade		25/01/2012
		PPE ZALEWSKI Pawel	
		Shadow rapporteur	
		S&D LANGE Bernd	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	ITRE Industry, Research and Energy		08/02/2012
		NI KOVÁCS Béla	
European Commission	Council configuration	Meeting	Date
	General Affairs	3184	24/07/2012
European Commission	Commission DG	Commissioner	
	Trade	DE GUCHT Karel	


Key events			
10/11/2011	Preparatory document	COM(2011)0725	
09/12/2011	Legislative proposal published	16806/2011	Summary
17/01/2012	Committee referral announced in Parliament		
30/05/2012	Vote in committee		
01/06/2012	Committee report tabled for plenary, 1st reading/single reading	A7-0175/2012	Summary

04/07/2012	Results of vote in Parliament		
04/07/2012	Decision by Parliament	T7-0285/2012	Summary
24/07/2012	Act adopted by Council after consultation of Parliament		
24/07/2012	End of procedure in Parliament		
26/07/2012	Final act published in Official Journal		

Technical information

Procedure reference	2011/0324(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consent by Parliament
Legislative instrument	Decision
Legal basis	Treaty on the Functioning of the EU TFEU 207-p4; Treaty on the Functioning of the EU TFEU 218-p6a
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	INTA/7/07922

Documentation gateway

Preparatory document		COM(2011)0725	10/11/2011	EC	
Legislative proposal		16806/2011	09/12/2011	CSL	Summary
Document attached to the procedure		16807/2011	09/12/2011	CSL	
Committee opinion		PE483.529	26/04/2012	EP	
Committee draft report		PE485.845	07/05/2012	EP	
Committee report tabled for plenary, 1st reading/single reading		A7-0175/2012	01/06/2012	EP	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0285/2012	04/07/2012	EP	Summary

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

[Decision 2012/429](#)
[OJ L 199 26.07.2012, p. 0003](#) Summary

EU/Russia Agreement: trade in parts and components of motor vehicles

PURPOSE: to conclude the Agreement between the European Union and the Government of the Russian Federation on trade in parts and components of motor vehicles between the European Union and the Russian Federation.

PROPOSED ACT: Council Decision.

BACKGROUND: in the context of the accession of the Russian Federation to the WTO, concerns have been raised about the impact of Russia's regime for investment in the automotive sector, as amended on 24 December 2010. The auto investment programme offers investors who establish car production facilities in the Russian Federation reduced import customs duties for car parts and components in return for an obligation to meet local content and other localisation requirements. According to the agreed terms of Russia's accession, this auto investment programme will be exempt from the obligation of the Russian Federation to ensure that all laws, regulations and other measures applied in the Russian Federation that are related to trade-related investment measures are consistent with the provisions of the WTO Agreement, including the Agreement on Trade-Related Investment Measures (TRIMS Agreement) until 1 July 2018. In order to reduce the risk that this investment regime may lead to delocalisation of the production of parts and components of motor vehicles from the EU during this transitional period, the European Commission has negotiated a bilateral Agreement with the Russian Federation on trade in parts and components of motor vehicles between the European Union and the Government of Russian Federation.

The Agreement was signed subject to its conclusion.

It is not necessary to approve this Agreement on behalf of the European Union.

IMPACT ASSESSMENT: no impact assessment was carried out.

LEGAL BASE: the first subparagraph of Article 207(4) in conjunction with Article 218(6)(a) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the Agreement between the European Union and the Government of the Russian Federation on trade in parts and components of motor vehicles between the European Union and the Russian Federation is hereby approved on behalf of the Union.

Main provisions: the objective of the Agreement is to establish a compensation mechanism to ensure that exports from the European Union to the Russian Federation of parts and components of motor vehicles from the EU do not decrease as a result of the application of the auto investment programme established in Order No. 73/81/58n of the Ministry of Economic Development and Trade of the Russian Federation, the Ministry of Energy and Industry of the Russian Federation and the Ministry of Finance of the Russian Federation of 15 April 2005 on the Approval of the Procedure Determining the Notion "industrial assembly" and Establishing the Application of the Notion in the Importation into the Territory of the Russian Federation of Motor Components for the Manufacture of Motor Transport Vehicles of Headings 8701-8705 of the CCFEA and their Units and Sets, as amended by Order No. 678/1289/184n of 24 December 2010.

The Agreement foresees that if EU exports of those parts and components to the Russian Federation fall, the Russian Federation must allow the import of parts and components of EU origin at reduced import customs duties in quantities equal to the decrease of EU exports. The mechanism will be triggered by a 3% fall in EU exports during a 12 month period compared to a threshold based on the value of EU exports to the Russian Federation in 2010.

If the compensation mechanism is triggered, it would apply for a minimum of 12 months and would be reviewed as necessary every 12 months afterwards. In exceptional economic circumstances, measured by a significant fall in the total number of new car sales in the Russian Federation, in the trigger year as compared to the preceding year, as defined in the agreement, the compensation mechanism would not apply.

Import licensing: the Russian Federation would administer the compensation quota by means of an import licensing system. Where the compensation quota is used by investors who have concluded investment agreements under the auto investment programme, such imports can be deducted from the overall yearly production by those investors in the given year, against which the general local content requirement of the auto investment programme applies.

Provisional application and implementation: in order to ensure the effective operation of the mechanism provided for in the Agreement by the time of the accession of the Russian Federation to the WTO, the Agreement should be applied provisionally from the date of such accession.

BUDGET IMPLICATION: the proposal has no implication for the EU budget.

EU/Russia Agreement: trade in parts and components of motor vehicles

The Committee on International Trade unanimously adopted the report drafted by Paweł ZALEWSKI (EPP, PL) in which it recommends the European Parliament to give its consent to the conclusion of the Agreement between the European Union and the Government of the Russian Federation on trade in parts and components of motor vehicles between the European Union and the Russian Federation.

Members recall that the EU has negotiated this bilateral agreement to have a compensation mechanism for the EU car components producers if the risk of falling EU exports of such products to Russia materialises as a result of the application of Russia's automobile investment programme until 2018. The EU must adopt this agreement because it is tied to its WTO commitments.

To ensure that the scheme benefits its producers immediately, it must do so before the Russian Federation joins WTO.

Members call for a close monitoring of the evolution of the trade relation in vehicles and their components between the EU and Russia and, if necessary, for renegotiating the terms of the compensation scheme before the end of the phasing out of the WTO Agreement on Trade-Related Investment Measures (TRIMs).

EU/Russia Agreement: trade in parts and components of motor vehicles

The European Parliament adopted a legislative resolution on the draft Council decision on the conclusion of the Agreement between the European Union and Russia on trade in parts and components of motor vehicles between the European Union and Russia.

Parliament gave its consent to the conclusion of the Agreement not without recalling that the deal on car components protects EU auto-parts companies hit by restrictive Russian measures that will remain in force even after Russia joins the WTO. These measures give foreign auto manufacturers incentives to relocate to Russia, and could discriminate against Russian imports of foreign car components.

Under the agreement, if EU exports of car parts fall by 3% a year, Russia will reduce its import duties for EU car parts by a commensurate

amount.

EU/Russia Agreement: trade in parts and components of motor vehicles

PURPOSE: to conclude the Agreement between the European Union and the Government of the Russian Federation on trade in parts and components of motor vehicles between the European Union and the Russian Federation.

NON-LEGISLATIVE ACT: Council Decision 2012/429/EU on the conclusion of the Agreement between the European Union and the Government of the Russian Federation on trade in parts and components of motor vehicles between the European Union and the Russian Federation.

BACKGROUND: in the context of the accession of the Russian Federation to the WTO, concerns have been raised about the impact of Russia's regime for investment in the automotive sector, as amended on 24 December 2010. The auto investment programme offers investors who establish car production facilities in the Russian Federation reduced import customs duties for car parts and components in return for an obligation to meet local content and other localisation requirements.

According to the agreed terms of Russia's accession, this auto investment programme will be exempt from the obligation of the Russian Federation to ensure that all laws, regulations and other measures applied in the Russian Federation that are related to trade-related investment measures are consistent with the provisions of the WTO Agreement, including the Agreement on Trade-Related Investment Measures (TRIMS Agreement) until 1 July 2018.

In order to reduce the risk that this investment regime may lead to delocalisation of the production of parts and components of motor vehicles from the EU during this transitional period, the European Commission has negotiated a bilateral Agreement with Russia on trade in parts and components of motor vehicles between the European Union and Russia.

In accordance with Council Decision 2012/106/EU, the Agreement between the European Union and Russia on trade in parts and components of motor vehicles between the European Union and Russia, was signed on 16 December 2011, subject to its conclusion.

The Agreement should now be approved on behalf of the EU.

CONTENT: under this Decision, the Agreement between the European Union and the Government of the Russian Federation on trade in parts and components of motor vehicles between the European Union and the Russian Federation, is hereby approved on behalf of the Union.

Main provisions: the objective of the Agreement is to establish a compensation mechanism to ensure that exports from the European Union to the Russian Federation of parts and components of motor vehicles from the EU do not decrease as a result of the application of the auto investment programme established in Order No. 73/81/58n of the Ministry of Economic Development and Trade of the Russian Federation, the Ministry of Energy and Industry of the Russian Federation and the Ministry of Finance of the Russian Federation of 15 April 2005 on the Approval of the Procedure Determining the Notion "industrial assembly" and Establishing the Application of the Notion in the Importation into the Territory of the Russian Federation of Motor Components for the Manufacture of Motor Transport Vehicles of Headings 8701-8705 of the CCFEA and their Units and Sets, as amended by Order No. 678/1289/184n of 24 December 2010.

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If the compensation mechanism is triggered, it would apply for a minimum of 12 months and would be reviewed as necessary every 12 months afterwards.

In exceptional economic circumstances, measured by a significant fall in the total number of new car sales in the Russian Federation, in the trigger year as compared to the preceding year, as defined in the agreement, the compensation mechanism would not apply.

Import licensing: the Russian Federation would administer the compensation quota by means of an import licensing system. Where the compensation quota is used by investors who have concluded investment agreements under the auto investment programme, such imports can be deducted from the overall yearly production by those investors in the given year, against which the general local content requirement of the auto investment programme applies.

Provisional application and implementation: in order to ensure the effective operation of the mechanism provided for in the Agreement by the time of the accession of the Russian Federation to the WTO, the Agreement should be applied provisionally from the date of such accession.

ENTRY INTO FORCE: the Decision shall enter into force on 24.07.2012.