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INFORMATION NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on temporary trade-liberalisation measures supplementing trade concessions applicable to products from the Republic of Moldova under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part - Outcome of the European Parliament's first reading (Strasbourg, 11 to 14 March 2024)

I. INTRODUCTION

On 8 March 2024, the Permanent Representatives Committee confirmed that should the European Parliament approve the abovementioned Commission's proposal without amendments, the Council would approve the European Parliament's position.

On 7 March 2024, the rapporteur, Markéta GREGOROVÁ (Greens/EFA, CZ), presented a report on behalf of the Committee on International Trade (INTA) aiming at taking over the Commission proposal.

II. VOTE

The Parliament adopted its first-reading position on 13 March 2024 by taking over the Commission proposal. This position is contained in its legislative resolution.

The Council should therefore be in a position to approve the European Parliament's position as set out in the Annex hereto, thus bringing to a close the first reading for both Institutions.

The legislative act would then be adopted in the wording which corresponds to the European Parliament's position.

ANNEX
(13.3.2023)

P9_TA(2024)0155

Temporary trade-liberalisation measures supplementing trade concessions applicable to Moldovan products under the EU/Euratom/Moldova Association Agreement

European Parliament legislative resolution of 13 March 2024 on the proposal for a regulation of the European Parliament and of the Council on temporary trade-liberalisation measures supplementing trade concessions applicable to products from the Republic of Moldova under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part (COM(2024)0051 – C9-0022/2024 – 2024/0029(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

– having regard to the Commission proposal to Parliament and the Council (COM(2024)0051),

– having regard to Article 294(2) and Article 207(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0022/2024),

– having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

– having regard to the undertaking given by the Council representative by letter of 8 March 2024 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,

– having regard to Rule 59 of its Rules of Procedure,

– having regard to the letter from the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on International Trade (A9-0079/2024),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

P9_TC1-COD(2024)0029

Position of the European Parliament adopted at first reading on 13 March 2024 with a view to the adoption of Regulation (EU) 2024/… of the European Parliament and of the Council on temporary trade-liberalisation measures supplementing trade concessions applicable to products from the Republic of Moldova under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part

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[1],

[1] Position of the European Parliament of 13 March 2024.

Whereas:

(1) The Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part[2] (the 'Association Agreement') constitutes the basis of the relationship between the Union and the Republic of Moldova. In accordance with Council Decision 2014/492/EU[3], Title V of the Association Agreement, which relates to trade and trade-related matters, applied provisionally from 1 September 2014, and entered into force on 1 July 2016 following ratification by all Member States.

(2) The Association Agreement expresses the desire of the Parties to the Association Agreement (the 'Parties') to strengthen and widen relations in an ambitious and innovative way, to facilitate and achieve gradual economic integration, and to do so in compliance with the rights and obligations arising out of the World Trade Organization membership of the Parties.

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2 OJ L 260, 30.8.2014, p. 4.

3 Council Decision 2014/492/EU of 16 June 2014 on the signing, on behalf of the European Union, and provisional application of the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part (OJ L 260, 30.8.2014, p. 1).

(3) Article 143 of the Association Agreement provides for the progressive establishment of a free trade area between the Parties in accordance with Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT 1994). To that end, Article 147 of the Association Agreement provides for the progressive elimination of customs duties in accordance with the Schedules included in Annex XV to the Association Agreement and for the possibility of accelerating and broadening the scope of such elimination.

(4) Russia's unprovoked and unjustified war of aggression against Ukraine since 24 February 2022, has had a profoundly negative impact on the ability of the Republic of Moldova to trade with the rest of the world, in particular because exports from the Republic of Moldova rely on transit via Ukrainian territory and on Ukrainian infrastructure, which are currently largely unavailable. Under such critical circumstances, and to mitigate the negative effects on the Republic of Moldova's economy of Russia's war of aggression against Ukraine, it is necessary to accelerate the development of closer economic relations between the Union and the Republic of Moldova and to provide continued support to the Republic of Moldova's economy. It is therefore necessary and appropriate to continue to stimulate trade flows and grant concessions in the form of trade-liberalisation measures for all products, in line with the acceleration of the elimination of customs duties on trade between the Union and the Republic of Moldova.

(5) In accordance with Article 21(3) of the Treaty on European Union (TEU), the Union is to ensure consistency between the different areas of its external action. Pursuant to Article 207(1) of the Treaty on the Functioning of the European Union (TFEU), the common commercial policy is to be conducted in the context of the principles and objectives of the Union's external action.

(6) Regulation (EU) 2023/1524 of the European Parliament and of the Council[4] expires on 24 July 2024.

(7) The temporary trade-liberalisation measures established by this Regulation should take the following form: (i) the suspension of the application of the entry price system to fruit and vegetables; and (ii) the suspension of all tariff-rate quotas and import duties. Through those measures, the Union will deepen economic integration between the Republic of Moldova and the Union and temporarily provide appropriate economic support to the benefit of the Republic of Moldova and the economic operators that are affected by Russia's war of aggression against Ukraine.

[4] Regulation (EU) 2023/1524 of the European Parliament and of the Council of 20 July 2023 on temporary trade liberalisation measures supplementing trade concessions applicable to products from the Republic of Moldova under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part (OJ L 185, 24.7.2023, p. 1).

(8) In order to prevent fraud, the entitlement to the trade-liberalisation measures established by this Regulation should be conditional upon the Republic of Moldova having complied with all the relevant conditions for obtaining benefits under the Association Agreement, including the rules of origin of the products concerned and the procedures related thereto, as well as the Republic of Moldova's involvement in close administrative cooperation with the Union, as provided for by the Association Agreement.

(9) The Republic of Moldova should abstain from introducing new duties or charges having equivalent effect and new quantitative restrictions or measures having equivalent effect for imports originating in the Union, from increasing existing levels of duties or charges, or from introducing any other restrictions, unless clearly justified in the context of Russia's war of aggression against Ukraine. In the event that the Republic of Moldova fails to comply with any of those conditions, the Commission should be empowered to suspend temporarily all or part of the trade-liberalisation measures established by this Regulation.

(10) Article 2 of the Association Agreement provides that, among other things, respect for democratic principles, human rights and fundamental freedoms as well as the countering of the proliferation of weapons of mass destruction, related materials and their means of delivery constitute essential elements of the Association Agreement. Under the same Article, the Parties commit in particular to the following general principles: respect for the principles of the rule of law and good governance, the fight against corruption, criminal activities, organised or otherwise, including those of transnational character, and terrorism, and the respect for the principles of sustainable development and effective multilateralism. It is appropriate to introduce the possibility of temporarily suspending the trade-liberalisation measures provided for in this Regulation if the Republic of Moldova fails to respect either those essential elements or those general principles.

(11) Subject to an assessment by the Commission carried out in the context of the regular monitoring of the impact of this Regulation and launched either following a duly substantiated request from a Member State or on the Commission's own initiative, it is necessary to provide for the possibility to take any necessary measures regarding imports of any products falling under the scope of this Regulation which are adversely affecting the Union market or the market of one or several Member States for like or directly competing products.

(12) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission to temporarily suspend the trade-liberalisation measures provided for in this Regulation if the conditions for entitlement to those preferential arrangements are no longer complied with, and to introduce safeguards in cases where the Union market or the market of one or several Member States for like or directly competing products are adversely affected by imports under this Regulation. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[5]. The advisory procedure should be used for the adoption of provisional safeguard measures, given the effects and nature of those measures and their sequential logic in relation to the adoption of definitive safeguard measures.

(13) The Commission's annual report on the implementation of the Deep and Comprehensive Free Trade Area, which is an integral part of the Association Agreement, should include a detailed assessment of the implementation of the trade liberalisation measures established by this Regulation.

[5] 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).

(14) In view of the urgency of the matter related to the situation caused by Russia's war of aggression against Ukraine, it is considered to be appropriate to invoke the exception to the eight-week period provided for in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the TEU, to the TFEU and to the Treaty establishing the European Atomic Energy Community.

(15) In light of the economic situation in the Republic of Moldova and of the expiry of Regulation (EU) 2023/1524 on 24 July 2024, this Regulation should enter into force on 25 July 2024,

HAVE ADOPTED THIS REGULATION:

Article 1

Trade-liberalisation measures

The following trade-liberalisation measures are introduced:

(a) all tariff-rate quotas established under Annex XV-A to the Association Agreement shall be suspended and the products covered by those quotas shall be admitted for importation into the Union from the Republic of Moldova without any customs duties;

(b) the application of the entry price system shall be suspended for those products to which it applies as specified in Annex XV-B to the Association Agreement; no customs duties shall apply to imports of those products.

Article 2

Conditions for entitlement to the trade-liberalisation measures

The trade-liberalisation measures provided for in Article 1 shall be subject to the following conditions:

(a) compliance by the Republic of Moldova with the rules of origin of products and the procedures related thereto, as provided for in the Association Agreement;

(b) the Republic of Moldova abstaining from introducing new duties or charges having equivalent effect and new quantitative restrictions or measures having equivalent effect for imports originating in the Union, from increasing existing levels of duties or charges or from introducing any other restrictions, including discriminatory internal administrative measures, unless clearly justified in the context of Russia's war of aggression against Ukraine; and

(c) the Republic of Moldova respecting democratic principles, human rights and fundamental freedoms as well as the countering of the proliferation of weapons of mass destruction, related materials and their means of delivery, respect for the principles of the rule of law and good governance, the fight against corruption, criminal activities, organised or otherwise, including those of transnational character, and terrorism, and respecting the principles of sustainable development and effective multilateralism provided for in Articles 2, 9 and 16 of the Association Agreement.

Article 3

Temporary suspension of measures

1. Where the Commission finds that there is sufficient evidence of a failure by the Republic of Moldova to comply with the conditions set out in Article 2, it may, by means of an implementing act, suspend in whole or in part the trade-liberalisation measures provided for in this Regulation. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 5(3).

2. Where a Member State requests that the Commission suspend any of the trade-liberalisation measures provided for in this Regulation on the basis of a failure by the Republic of Moldova to comply with the conditions set out in Article 2, point (b), the Commission shall provide a reasoned opinion within four months of the request on whether the claim of the Republic of Moldova's failure to comply is substantiated. If the Commission concludes that the claim is substantiated, it shall initiate the procedure referred to in paragraph 1 of this Article.

Article 4

Safeguard measures

1. Where a product covered by Article 1 originating in the Republic of Moldova is imported under conditions which adversely affect the Union market or the market of one or several Member States for like or directly competing products, the Commission may impose any measure which is necessary by means of an implementing act. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 5(3).

   Such measure may be imposed for as long as necessary to counteract the adverse effects on the Union market or on the market of one or several Member States for like or directly competing products.

2. The Commission shall regularly monitor the impact of this Regulation, taking into account the information on exports, imports, prices on the Union market or the market of one or several Member States and Union production of the products subject to the trade-liberalisation measures under Article 1, point (a).

   The Commission shall inform the Member States of the results of the regular monitoring every two months, starting from...[the date of entry into force of this Regulation].

3. The Commission shall carry out an assessment of the situation of the Union market or the market of one or several Member States for like or directly competing products with a view to imposing measures in accordance with paragraph 1. That assessment shall be launched:

(a) following a duly substantiated request from a Member State including sufficient *prima facie* evidence reasonably available to that Member State pursuant to paragraph 4 of imports adversely affecting the market as referred to in paragraph 1; or

(b) on its own initiative, after it has become apparent to the Commission that there is sufficient *prima facie* evidence of imports adversely affecting the market as referred to in paragraph 1.

The assessment referred to in the first subparagraph shall be concluded within four months of its launch.

4. In carrying out the assessment pursuant to paragraph 3, the Commission shall take into consideration all relevant market developments, including the impact of the imports concerned on the situation of the Union market or the market of one or several Member States for like or directly competing products. That assessment shall include factors such as:

(a) the rate and amount of the increase in imports from the Republic of Moldova of the product concerned in absolute and relative terms,

(b) the effect of the imports concerned on production and prices on the Union market or the market of one or several Member States, while taking into consideration the development of imports from other sources.

The list of factors referred to in the first subparagraph is not exhaustive and other relevant factors may also be taken into consideration.

5. In critical circumstances where delay would cause damage that would be difficult to repair, the Commission may provisionally impose any measure which is necessary by means of an implementing act. Such measure may be imposed only after a duly substantiated request from a Member State pursuant to paragraph 3, point (a), of this Article and shall be adopted within 21 days after the request has been received. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 5(4). The duration of a provisional safeguard measure shall not exceed 120 days.

6. Where, as a result of the assessment referred to in paragraph 3, the Commission considers that the Union market or the market of one or several Member States for like or directly competing products has been adversely affected and intends to impose a definitive measure pursuant to paragraph 1, it shall publish a notice in the *Official Journal of the European Union* announcing the introduction of such a measure. The notice shall provide a summary of the main results of the assessment and specify the period within which interested parties may submit their views in writing. That period shall not exceed 10 days from the date of publication of the notice.

7. If the Commission imposes a measure pursuant to paragraph 1 or 5 which reintroduces a tariff rate quota suspended by Article 1, point (a), the quantity imported during the calendar year the Commission imposes that measure shall be taken into account in the management of that tariff-rate quota.

Article 5

Committee procedure

1. The Commission shall be assisted by the Customs Code Committee established by Article 285(1) of Regulation (EU) No 952/2013 of the European Parliament and of the Council[6] with regard to Article 3(1) of this Regulation. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. The Commission shall be assisted by the Committee on Safeguards established by Article 3(1) of Regulation (EU) 2015/478 of the European Parliament and of the Council[7] with regard to Article 4(1) of this Regulation. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

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6 Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

7 Regulation (EU) 2015/478 of the European Parliament and of the Council of 11 March 2015 on common rules for imports (OJ L 83, 27.3.2015, p. 16).

4. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

Article 6

Assessment of the implementation of the trade-liberalisation measures

The Commission's annual report on the implementation of the Deep and Comprehensive Free Trade Area shall include a detailed assessment of the implementation of the trade-liberalisation measures provided for in this Regulation and shall include, in so far as appropriate, an assessment of the social impact of those measures in the Republic of Moldova and in the Union. Information on imports of products under Article 1, point (a), shall be made available via the website of the Commission and shall be updated on a monthly basis.

Article 7

Entry into force and application

This Regulation shall enter into force on 25 July 2024.

It shall apply until 24 July 2025.

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

Done at ...,

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