

Autonomous trade preferences for Moldova

2010/0318(COD) - 10/11/2010 - Legislative proposal

PURPOSE: to amend [Council Regulation \(EC\) No 55/2008](#) introducing autonomous trade preferences for the Republic of Moldova.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: Moldova is experiencing difficulties with its wine exports to some of its traditional markets, which threaten its economic recovery and the reform process that is vigorously pursued by the Moldovan government. This has led Moldova to request the European Commission in July 2010 to increase the duty free tariff quota for wine under the Autonomous Trade Preferences, granted to Moldova by Council Regulation (EC) 55/2008. The agricultural sector represents around 40 per cent of Moldova's economy and the wine sector is an important part of it, providing employment to some 300 000 people (one fourth of the working population), who are mainly living in rural areas and cultivating medium to smaller family plots.

It is therefore proposed to provide a measure to improve the general level of wine imports from Moldova to support the economic development of this country.

IMPACT ASSESSMENT: no impact assessment was carried out.

LEGAL BASIS: Article 207(2) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: in order to support Moldova's economic recovery and provide a positive outlook to the people working in the wine industry in Moldova, it is proposed to increase the duty free tariff quota for wine:

- for **2011** from 100 000 hectolitres (hl) to **150 000 hl**,
- for **2012** from 120 000 hl to **180 000 hl**,
- from **2013** onwards to **240 000 hl per year**.

The level of the proposed increase is based on the fact that Moldova has systematically exhausted the existing quota and the potential of the sector to improve its niche markets in the EU, while at the same time the level of the increase does not destabilise the EU wine industry. It is expected that Moldova's wine sector will continue to improve the quality of its wines.

As Council Regulation (EC) No 55/2008 expires on 31 December 2012, and as it is important to ensure legal certainty for producers, exporters and importers, it is proposed to **extend the validity of Council Regulation (EC) No 55/2008 for another three years to 31 December 2015**. This is a reasonable amount of time, taking into account the perspectives for a future deep and comprehensive free trade area (DCFTA) between the EU and Moldova.

Council Regulation (EC) No 55/2008 foresees preferential tariff quotas also on other products in addition to wine. Having assessed the situation in the different sectors covered by the quotas, it is proposed to continue the progressive increase of some of those other quotas for the levels indicated in the annexed to this proposal.

BUDGETARY IMPLICATION: the proposed Regulation does not incur costs charged to the EU budget. As the general level of imports from Moldova is merely 0.04% of all EU imports further market opening

is not expected to create negative effects for the EU. Currently around 90% of all imports from Moldova enter the EU free of duties.

The additional duty free tariff quotas proposed for the years 2011 to 2015 will result in a small loss of tariff revenue only for the year 2011. For the years 2012 to 2015 there will not be any loss of tariff revenue since present export volumes from Moldova of all the products covered by duty free tariff quotas are covered by the 2012 level of these quotas. Hypothetical revenue that could have been generated by future exports is not considered as a loss of tariff revenue.