EU/Jordan Agreement: dispute settlement mechanism

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PURPOSE: to conclude an Agreement in the form of a Protocol between the EU and Jordan establishing a dispute settlement mechanism applicable to disputes under the trade provisions of the Euro-Mediterranean Agreement establishing an Association between the EC and their Member States and Jordan.

PROPOSED ACT: Council Decision.

BACKGROUND: the Euro-Mediterranean Agreements contain provisions liberalising trade in goods, but the dispute settlement rules applicable to disputes concerning these provisions rely mainly on a diplomatic approach and can be easily blocked by the party complained against. In the context of an upgrading of Euro-Mediterranean trade relations, it was opportune to create a dispute settlement mechanism applicable to trade disputes based on streamlined and effective procedures within firm time limits, and modelled on the dispute settlement mechanisms of the most recent agreements concluded by the EU and on the WTO Dispute Settlement Understanding. Such a mechanism will increase the security and predictability of bilateral trade relations. To this end in the framework of the European Neighbourhood Policy EU-Morocco Action Plan the parties agreed to elaborate rules of procedure for dispute settlement.

The Commission has negotiated in regional and bilateral mode with several Mediterranean partners. Negotiations with Jordan resulted in a draft Agreement that was initialled at the Euro-Mediterranean Trade Ministerial Conference in Brussels on 9 December 2009.

LEGAL BASE: Article 207(4), first sub-paragraph, in conjunction with Article 218(6)(a)(v) of the Treaty on the Functioning of the European Union.

IMPACT ASSESSMENT: no impact assessment was carried out.

CONTENT: this Agreement follows the model of the dispute settlement chapter of current Free Trade Agreement negotiations, and is based on the WTO Dispute Settlement Understanding, adapted to a bilateral context. The scope of the dispute settlement mechanism includes Title II of the EU-Jordan Association Agreement, with the usual exception of the article on anti-dumping. After the entry into force of the Agreement on the liberalisation of agricultural products, initialled on 14 December 2009, disputes arising from that agreement would also be subject to this Agreement.

The text provides for the following:

- opportunities to settle disputes before establishing an arbitration panel, through consultations and mediation;
- streamlined and effective procedures on the composition of the arbitration panel and compliance proceedings with clear time-limits;
- provisions on temporary remedies in case of non-compliance;
- rules on openness and transparency, with provisions on open hearings, amicus curiae briefs, and the publication of the panel report;
- provisions on relations with the WTO Dispute Settlement Understanding.

BUDGETARY IMPLICATION: this proposal has no implication for the EU budget.