EU/Palestinian Authority of the West Bank and the Gaza Strip Agreement: further liberalisation of agricultural products, processed agricultural products and fish and fishery products

2011/0042(NLE) - 03/03/2011 - Preparatory document

PURPOSE: an Agreement in the form of an Exchange of Letters between the EU and the Palestinian Authority of the West Bank and the Gaza Strip providing further liberalisation of agricultural products and fish.

PROPOSED ACT: Council Decision.

BACKGROUND: the relationship between the EU and the Palestinian Authority builds on the Euro-Mediterranean Interim Association Agreement that was signed in February 1997 and whose trade provisions came into force on 1 July 1997. Its main objective is to promote trade and investment and harmonious economic relations between the Parties and so to foster their sustainable economic development.

The Interim Association Agreement provides for duty-free access to EU markets for Palestinian industrial goods, and a phase-out of tariffs on EU exports to the occupied Palestinian territory over five years. Article 12 of the Agreement establishes that the Community and the Palestinian Authority shall progressively establish a greater liberalisation of their trade in agricultural and fishery products of interest to both Parties.

On 14 November 2005, the Council authorised the Commission to conduct negotiations with the Palestinian Authority amongst others, in order to achieve greater liberalisation of trade in agricultural, processed agricultural products and fish and fishery products. These negotiations were conducted by several Commission services and OLAF. The results achieved are in line with the spirit of the Barcelona Process.

The European Commission and the Palestinian Authority officially opened the negotiations at a high political level on 10 of June 2010 in Brussels, and these were concluded on 17 December 2010 in Brussels. The Minutes on the deal reached were initialled on the same day.

It is proposed that the Agreement be concluded in the form of an exchange of letters.

IMPACT ASSESSMENT: no impact assessment was undertaken.

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

CONTENT: the Commission proposes that the Council conclude the Agreement in the form of an exchange of letters between the EU and the Palestinian Authority providing further liberalisation of agricultural products, processed agricultural products and fish and fishery products and amending the Euro-Mediterranean Interim Association Agreement on trade and cooperation between the EC and the Palestine Liberation Organization (PLO) for the benefit of the Palestinian Authority.

The conclusion of the Agreement means that the Palestinian Authority will benefit from further market opening, which is expected to support the development of the economy of the West Bank an d the Gaza Strip through increased export performance, while not creating negative effects for the European Union. The Agreement grants additional trade preferences to the Palestinian Authority by improving access to the EU.

The entitlement to benefit from the additional trade preferences granted by the EU is conditional upon the Palestinian Authority's compliance with the relevant rules of origin and the procedures related thereto as well as the provision of effective administrative cooperation and assistance to the EU. Any serious and systematic violations of these conditions, or other findings of fraud or irregularity, may lead to the adoption of measures by the EU following the relevant procedures in the Agreement.

The proposal also provides that if the imports of agricultural products, processed agricultural products and fish and fishery products originating in the territory of the Palestinian Authority significantly increase and thus will cause serious distortion at the EU internal market, the EU may adopt, if appropriate, safeguard measures.

Duration of the arrangements: the import arrangements adopted by the Decision will be renewed on the basis of the conditions established by the Council and in the light of the experience gained in granting them. Their duration is limited to ten years. However, taking into account the economic situation of the West Bank and Gaza Strip, the Parties shall prolong the application of duty-free quota-free treatment should they consider that the Palestinian economy needs an additional transitional period in order to be ready to enter into negotiations leading to further reciprocal concessions.

Review clause: the EU and the Palestinian Authority shall meet five years from the date of entry into force of the Agreement to consider the possibility of granting each other further permanent concessions of trade in agricultural products, processed agricultural products, fish and fishery products. If this is not considered appropriate due to the limited future economic developments of the occupied Palestinian territory, such discussions shall take place at later stage.

Entry into force: the intention of both sides is that this Agreement enters into force early in 2011.

BUDGETARY IMPLICATIONS: it is estimated that the financial impact is negligible.