

Pan-Euro-Mediterranean preferential rules of origin. Regional Convention

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PURPOSE: the **conclusion** of the regional Convention on pan-Euro-Mediterranean preferential rules of origin

PROPOSED ACT: Council Decision.

BACKGROUND: at present, the pan-Euro-Mediterranean cumulation zone includes the European Union, the EFTA States, the participants in the Barcelona Process and the Faroe Islands.

The pan-Euro-Mediterranean system of cumulation of origin is made up of a multiplicity of agreements, setting out, among other things, free trade provisions based on a network of identical rules of origin allowing for diagonal cumulation, among the countries of the zone. This cumulation zone is bound to grow in the future.

Since the implementation of the pan-Euro-Mediterranean system of cumulation, the difficulties with the management of the current system of individual protocols have increased. Any amendment to a protocol applicable between two partner countries of the pan-Euro-Mediterranean zone implies identical amendments to each and every protocol applicable within the zone. The European Commission therefore launched the idea of basing the diagonal cumulation of origin on **a single legal instrument** in the form of a regional convention on preferential rules of origin to which the individual free trade agreements applicable between the countries of the zone would refer.

It was only in 2007 that Ministers agreed to start the drafting of a single convention on preferential rules of origin for the pan-Euro-Mediterranean area in order to replace the current network of protocols on rules of origin. They also decided to include the participants in the Stabilisation and Association Process in this cumulation zone.

On 26 November 2009, the Council authorised the Commission to open negotiations with all the parties concerned. All the negotiating directives were fulfilled. The final text of the Convention was endorsed by the Euromed Trade Ministers at their Conference held on 9 December 2009 in Brussels.

The Commission now calls on the Council to approve the Convention in the name of the European Union.

IMPACT ASSESSMENT: no impact assessment was undertaken.

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

CONTENT: this proposal relates to the **conclusion of the regional Convention on pan-Euro-Mediterranean preferential rules of origin** in the name of the EU. This Convention lays down the provisions regarding the origin of goods traded in the context of the relevant free-trade agreements concluded between the following Contracting Parties:

- the 27 Member States of the European Union,
- the EFTA States (Iceland, Norway, Switzerland, Liechtenstein),
- the Faroe Islands
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the participants in the Barcelona Process (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia, Turkey, Palestine),

- the participants in the Stabilization and Association Process (Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia , as well as Kosovo, under UNSC Resolution 1244/99).

Main provisions: the Convention defines the concept of **originating products`** and the methods of **administrative cooperation** to be applied between partners. These provisions are set out in the Appendixes to the Convention.

The Convention also allows for:

- a more effective management of the system of pan-Euro-Mediterranean cumulation;
- an easier procedure for the amendment of rules of origin;
- existing provisions which are not common to all future contracting parties to be catered for;
- the possible future extension of the geographical scope of cumulation to neighbouring countries and territories.

Joint Committee: the Convention establishes a **Joint Committee** which will be empowered to amend its provisions and to decide of any future accession. The provisions of the Convention may be amended to take account of economic realities by the Joint Committee acting by unanimity.

It should be noted that one of the stated objectives of the Convention is to move towards the **application of identical rules of origin** for the purpose of cumulation of origin for goods traded between all Contracting Parties.

BUDGETARY IMPACT: the proposal has no implication for the Union's budget.