

Resolution on the proposal for a Council decision on the conclusion of the regional Convention on pan-Euro-Mediterranean preferential rules of origin

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The European Parliament adopted a resolution tabled by the Committee on International Trade on the [proposal for a Council decision](#) on the conclusion of the regional Convention on pan-Euro-Mediterranean preferential rules of origin.

Parliament recalls that in October 2007 the Lisbon Euromed Trade Ministerial gave the green light for the drafting of a convention that brings together all the protocols for the Pan-Euro Mediterranean area in one, simplified instrument, thus facilitating the use of Pan-Euromed cumulation of origin. This convention was endorsed by the Ninth Union for the Mediterranean Trade Ministerial Conference of 11 November 2010. Whilst Parliament supports the Commission's endeavours to give preferential access to the EU internal market to goods produced and cumulated in the Mediterranean region, it is **concerned about the state of play regarding the establishment of the Euromed Free Trade Area**, which was supposed to be in place by 2010 and has failed to materialize. It regrets the fact that no real progress has been made by the various actors in creating the necessary conditions. Members encourage the development of South-South bilateral and multilateral economic cooperation, which would produce tangible benefits for the citizens of the countries involved and improve the political climate in the region. They acknowledge that the lack of intra-regional trade among southern Mediterranean countries has been a major stumbling block to the project, and insists that the establishment of the Euro-Mediterranean Free Trade Area should remain one of the goals of the EU and its southern partners. Parliament regards this Convention as a major step towards the establishment of the Free Trade Area and as a possible incentive for South-South trade.

It regrets the fact that the Convention is not supplemented by a **dispute settlement mechanism** to deal with issues concerning verification of proof of origin, and invites the Commission to assess the possibility of integrating such a mechanism into the Convention when it is revised in the future. It states that the **Joint Committee set up by the Convention will not be a viable instrument for addressing these issues**. The issue will therefore have to be dealt with by means of bilateral dispute settlement mechanisms, where these exist. Parliament regrets the fact that the text of Convention does not provide for any revision or review procedure in the future.

Problems regarding preferential treatment under the EU-Israel Association Agreement: Members are seriously concerned about the practices employed by **certain companies which persist in exploiting the terms** of the EU-Israel Association Agreement by exporting goods produced in the Occupied Territories. They deplore this practice and consider that it flies in the face of the EU's international policies and represents an abuse of the extensive opportunities for legitimate preferential access to the Union's internal market. The Commission is asked to **draw up a blacklist of companies that persist in employing these practices** and to inform the Member States. Parliament recalls that in its judgment in the Brita GmbH v Hauptzollamt Hamburg-Hafen case, the European Court of Justice confirmed that the customs authorities of importing Member States must **refuse preferential treatment under the EU-Israel Association Agreement to products exported to the EU which originate from Israeli-occupied territories** and for which the Israeli authorities fail to provide sufficient information to enable their real origin to be determined. It takes the view that the implementation of the Convention should not perpetuate or create a situation which facilitates or encourages this abuse of the rules. The Commission is asked to:

- work with the European Parliament so that the two institutions can put their political will and weight behind the efforts to find a solution to this abuse of the internal market rules, and to put forward new proposals for a more watertight solution to this problem;
- carry out an impact assessment after three years in order to evaluate, inter alia , the benefits created by the adoption of the Convention and the impact of the cumulation brought about by the Convention on the practices of certain companies referred to above.

Technical agreements: Members also feel that the limited solutions offered by the Technical Arrangements between the EU and EFTA member states, and Israel, are not satisfactory. They point out, moreover, that these Technical Arrangements do not bind the other parties to the regional Convention. The Commission is asked to:

- review and, if necessary, renegotiate the Technical Arrangement with the intention of making it more effective and simple;
- seek a solution that would also be applicable to goods imported from third parties that have cumulated working or processing in their own territory with materials imported under their agreements with Israel;
- promote the incorporation of provisions conducive to the uniform application of the principle of territoriality by all contracting parties as part of any future revision of the regional Convention.

Parliament notes that pursuant to the procedures provided for under the Technical Arrangement currently in force between the EU and Israel, on the one hand, and between EFTA and Israel, on the other, Israel's customs authorities and exporters already make a distinction between production operations carried out in Israeli settlements in the Occupied Territories and production carried out in the internationally-recognised territory of the State of Israel. However, these **procedures do not provide for the communication of the outcome of the distinctions** made by Israel's authorities and exporters so as to enable the EU customs authorities to apply the same distinctions correctly, simply and efficiently.

Accordingly, Parliament considers that a **simple, efficient and reliable mechanism** to replace the existing technical arrangement should be agreed with Israel, pursuant to which Israel's exporters and customs authorities would apply the same distinction and clearly and appropriately indicate when they have assigned originating status to products on the basis of production operations carried out in territories brought under Israel's administration in 1967.

In the meantime, Member States are urged to ensure that their **customs authorities effectively apply the Technical Arrangement and the spirit of the judgment of the European Court of Justice** to Israeli cumulated products entering the EU under the diagonal cumulation provided for in the regional Convention. Parliament believes that the Commission should take the lead in coordinating such EU-wide efforts and should also take steps to create awareness among the customs authorities of the individual EU Member States as to how the Technical Arrangement should be applied to Israeli cumulated products. EU customs authorities should scrutinise the application of the Technical Arrangement more effectively in order to prevent abuse of the system of preferences.