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) - 20/10/2011 - Final act

PURPOSE: to conclude 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.

NON-LEGISLATIVE ACT : Council Decision 2011/824/EU on the conclusion of the Agreement in the form of an Exchange of Letters between the European Union, of the one part, and the Palestinian Authority of the West Bank and the Gaza Strip, of the other part, 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 European Community, of the one part, and the Palestine Liberation Organization (PLO) for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip, of the other part.

BACKGROUND: the relationship between the Union and the Palestinian Authority builds on the Euro-Mediterranean Interim Association Agreement on trade and cooperation, which was signed in February 1997 and whose trade provisions entered into force on 1 July 1997. The main objective is to promote trade and investment and harmonious economic relations between the parties thereby fostering their sustainable economic development.

The Interim Agreement provides for duty-free access to the Union markets for Palestinian industrial goods, and a phasing-out of duties on the Union exports to the occupied Palestinian territory over 5 years. Article 12 of the Interim Agreement provides 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.

The *Euro-Mediterranean Roadmap for agriculture (Rabat Roadmap)* adopted by the Euro-Mediterranean Ministers of Foreign Affairs on 28 November 2005 provides that a high degree of trade liberalisation for agricultural products, processed agricultural products and fish and fishery products is desirable, the objective being full liberalisation of such trade by 2010, possibly excluding a very limited number of sensitive products. At the last Trade Euro-Mediterranean Ministerial meeting in December 2009, Ministers of Trade of the Euro-Mediterranean region committed themselves to facilitating the trade of Palestinian products, as stated in the roadmap.

Negotiations with the Palestinian Authority concerning greater liberalisation of trade in agricultural products, processed agricultural products and fish and fishery products were successfully concluded by signing the Agreement in the form of an Exchange of Letters between the European Union, of the one part, and the Palestinian Authority of the West Bank and the Gaza Strip, of the other part, providing further liberalisation of agricultural products, processed agricultural products and fish and fishery products and amending the Euro-Mediterranean Interim Association Agreement, in accordance with Council Decision 2011/248/EU .

It is necessary to conclude the Agreement on behalf of the EU.

It should be noted the EU envisages granting additional trade preferences to the Palestinian Authority with a package of **trade related technical assistance** which will further help the Palestinian Authority to prepare for a future Palestinian State.

CONTENT : this Decision approves on behalf of the EU the Agreement in the form of an Exchange of Letters between the European Union, of the one part, and the Palestinian Authority of the West Bank and the Gaza Strip, of the other part, 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 European Community, of the one part, and the Palestine Liberation Organization (PLO) for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip, of the other part.

Main provisions:

Trade preferences: the Agreement provides for **duty-free (and mostly also quota-free) access to Palestinian imports to the European market of agricultural products**, processed agricultural products and fish and fishery products. Several products of the same nature originating in the EU will have duty-free (but not quota-free) access to Palestine, with some exceptions. The ultimate aim of the agreement, however, is to help the development of Palestinian economy and thus to facilitate exports of Palestinian products into the EU.

Rules of origin: 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 European Union. 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 in the form of an Exchange of Letters.

Safeguard clause: it is also provided 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 cause serious distortion in the EU internal market, the European Union may adopt safeguard measures.

Duration of concession: the import arrangements will be renewed on the basis of the conditions established by the Council and in the light of the experience gained in granting them. **They are limited to 10 years**. However, taking into account the economic situation of the West Bank and Gaza Strip, the Parties should 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 Union and the Palestinian Authority will meet 5 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 will take place at later stage.

ENTRY INTO FORCE: the Decision enters into force on 20 October 2011. The date of entry into force of the Agreement will be published in the Official Journal of the European Union by the General Secretariat of the Council.