Emergency autonomous trade preferences for Pakistan

2010/0289(COD) - 25/10/2012 - Final act

PURPOSE: to introduce emergency autonomous trade preferences for Pakistan until 31 December 2013.

LEGISLATIVE ACT: Regulation (EU) No 1029/2012 of the European Parliament and of the Council introducing emergency autonomous trade preferences for Pakistan.

CONTENT: following agreement at first reading, the European Parliament and the Council adopted a regulation introducing emergency autonomous trade preferences for Pakistan in response to the humanitarian situation caused by heavy monsoon rains and devastating floods in the summer of 2010.

The Regulation **grants increased market access to the EU through the immediate and time-limited reduction of duties on key imports from Pakistan**. The main points are as follows:

Background: the text recalls that in July and August 2010, following heavy monsoon rains, devastating floods affected extensive regions of Pakistan, notably the areas of Balochistan, Khyber Pakhtunkhwa, Punjab, Sindh and Gilgit-Baltistan. According to United Nations sources, the flooding affected some 20 million people and 20 per cent of Pakistan's land, equivalent to at least 160000 square kilometres, and leaving up to 12 million people in need of urgent humanitarian aid. As well supplying humanitarian aid, it is important to use all available means to support Pakistan's recovery from this emergency including exceptional trade measures to boost Pakistan's exports in order to contribute to its future economic development, while ensuring that consistency and coherence is maintained at all levels with a view to developing a sustainable long-term strategy.

Products covered by the proposed mechanism and exceptional nature of the measure: Pakistan's trade with the Union is mainly composed of textiles and clothing products which accounted for 73.7 % of Pakistani exports to the Union in 2009. Pakistan also exports ethanol and leather, which are in addition to textiles and clothing, sensitive industrial products in certain Member States where jobs in the industry have already been impacted to varying degrees by the global recession. Those industries are struggling to adapt to a new global trading environment.

The textiles sector is of key importance to the Pakistani economy, accounting for 8.5 % of gross domestic product and employing 38 % of the labour force, about half of which is made up of women.

Given the hardship being suffered by the Pakistani people due to the devastating floods, the Regulation extends exceptional autonomous trade preferences to Pakistan by suspending for a limited period of time all tariffs for certain products of export interest to Pakistan. The provision of such trade preferences should only cause limited adverse effects on the domestic market of the Union and should not affect negatively least developed Members of the World Trade Organisation (WTO). Those measures are proposed as part of an exceptional package, in response to the specific situation in Pakistan. **Under no circumstances should they constitute a precedent for the Union's trade policy with other countries.**

Form of autonomous trade preferences: the autonomous trade preferences will be either in the form of an exemption from customs duties upon import in the Union or in the form of tariff-rate quotas.

Compliance with rules of origin: entitlement to benefit from the exceptional autonomous trade preferences is conditional on Pakistan's compliance with the relevant rules of origin of products and the

procedures related thereto as well as involvement in effective administrative cooperation with the Union in order to prevent any risk of fraud. Serious and systematic violations of the conditions for the entitlement to the preferential arrangement, fraud or failure to provide administrative cooperation for the verification of origin of goods should constitute reasons for a temporary suspension of the preferences.

For the purposes of defining the concept of originating products, certification of origin and administrative cooperation procedures, Part I, Title IV, Chapter 2, Section 1 and Section 1A of Commission Regulation (EEC) No 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No 2913 /92 establishing the Community Customs Code, with the exception of Articles 68 to 71, 90 to 97i and 97j (2) of those Sections, will apply. However, as regards cumulation of origin, only materials originating in the Union will be allowed to be used for such purposes. Regional cumulation and other types of cumulation except that with the materials originating in the Union will not apply in relation to the determination of the originating status of products covered by the autonomous trade preferences in order to ensure that sufficient transformation takes place in Pakistan.

Removal of products from the scope of the Regulation: where, in the calendar year 2012 or 2013, imports based on customs import data for a product originating from Pakistan and included in Annex I increase, in volume, by 25 % or more, as compared to the average of the years 2009 to 2011, that product shall be removed from the scope of the Regulation for the remainder of that year. The Commission is empowered to adopt delegated acts to amend Annex I to remove that product from the scope of the Regulation for the remainder of that year. Upon the entry into force of the delegated act, imports of the product in question shall be subject to "most-favoured-nation" or other applicable duties.

Implementing acts: the Commission is empowered to adopt implementing acts in order to react swiftly and ensure the integrity and orderly functioning of the autonomous trade preferences for Pakistan and in order to ensure uniform conditions for the implementation of this Regulation. These acts concern temporary suspension due to non-compliance with customs-related procedures and obligations, due to serious and systematic violations of the fundamental principles of human rights, democracy and the rule of law by Pakistan, or due to Pakistan not respecting the condition that it abstain from 1 July 2012 from introducing new or increasing existing export duties or charges having equivalent effect or any other restriction or prohibition on the export or sale for export of any materials used in the production of the products covered by this Regulation.

Report: no later than 31 December 2015, the Commission shall submit a report on the operation and effects of the Regulation, including a detailed analysis of the effects of these preferences on the economy of Pakistan and their impact on trade and the Union's tariff income as well as on the Union economy and jobs, and taking into account in particular the effects of the autonomous trade preferences in terms of job creation, poverty eradication and the sustainable development of Pakistan's working population and poor.

DELEGATED ACTS: in order to make the necessary technical adaptations to the list of goods for which the autonomous trade preferences apply and to remove products from the scope of the Regulation where volumes of imports increase beyond certain levels the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union is delegated to the Commission in respect of amending Annexes I and II to reflect changes in the combined nomenclature and to remove products from the scope of this Regulation. The Commission shall ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

In order to address without delay significantly increased imports of the products exempted from customs duties when imported into the Union and which may have an adverse impact upon Union producers, the Commission should adopt delegated acts removing products from the scope of this Regulation under the urgency procedure.

ENTRY INTO FORCE: 15 November 2012.

APPLICATION: from 15 November 2012 until 31 December 2013.