Autonomous trade preferences for Moldova

2013/0325(COD) - 25/09/2013 - Legislative proposal

PURPOSE : to fully liberalise import of wine from Moldova into the EU.

PROPOSED ACT : Regulation of the European Parliament and of the Council

BACKGROUND : Council Regulation (EC) No 55/20082 established a specific scheme of autonomous trade preferences (ATPs) for Moldova, which gives all products originating in Moldova free access to the Union market, except for certain agricultural products listed in Annex I to that Regulation. For the latter, limited concessions have been granted either in the form of exemption from customs duties within the limit of tariff quotas or of reduction of customs duties.

In June 2013, the EU finalised negotiations with Moldova on the Association Agreement, including the establishment of a deep and comprehensive free trade area (DCFTA). In the framework of those negotiations, **the Parties have proposed to fully liberalise the bilateral trade in wine.** Moldova is currently experiencing difficulties with wine exports to some of its traditional markets, which threatens its economic recovery and the reform process that is vigorously pursued by the Moldovan government. The agricultural sector represents around 40 % of Moldova's economy and the wine sector is an important part of it, providing employment to some 300,000 people (one fourth of the working population), who mainly live in rural areas and cultivate medium to smaller family plots.

The import of wine from Moldova into the Union should be liberalised without delay.

LEGAL BASIS : Article 207(2) of the Treaty on the Functioning of the European Union.

IMPACT ASSESSMENT : no impact assessment was undertaken

CONTENT : the draft regulation proposes to fully liberalise import of wine from Moldova into the EU **by amending Council Regulation (EC) 55/20081 and removing wine from Table 1 of Annex I.** Accordingly, in the table in point 1 of Annex I to Regulation (EC) No 55/2008, the last row concerning order No 09.0514 "Wine of fresh grapes other than sparkling wine" will be deleted.

It should be noted that the WTO waiver for the tariff preferences granted to Moldova does not cover the additional preferences for wine envisaged by the proposed regulation. Moreover, the waiver will expire on 31 December 2013. Accordingly, the EU should request pursuant to paragraph 3 of Article IX of the WTO Agreement the necessary extension and amendment of the scope of the existing waiver of its obligations under Article I and Article XIII of the GATT 1994 to the extent necessary to permit the EU to afford duty-free preferential treatment to wine originating in Moldova, without being required to extend the same duty-free treatment to like products of any other WTO Member. **A Commission proposal to request the extension of the waiver is already pending before the Council.**

BUDGETARY IMPLICATIONS: the proposed Regulation does not incur costs charged to the EU budget. As the general level of wine imports from Moldova is merely 0.6% of all EU wine imports further market opening is not expected to create negative effects for the EU.