EU Stabilisation and Association process: application of exceptional trade measures with regard to Bosnia and Herzegovina

2014/0197(COD) - 26/06/2014 - Legislative proposal

PURPOSE: to amend Council Regulation (EC) No 1215/2009 introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process and suspending its application with regard to Bosnia and Herzegovina.

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

CONTENT: the EU's policy towards the countries of the Western Balkans is defined within the Stabilisation and Association Process launched in May 1999.

At its meeting in Lisbon on 23 and 24 March 2000, the European Council concluded that Stabilisation and Association Agreements with Western Balkan countries should be preceded by **asymmetrical trade liberalisation**. Council Regulation (EC) No 1215/2009 introduced exceptional trade measures for countries and territories participating in or linked to the Stabilisation and Association process. Regulation (EC) No 1215/2009 applies **until 31 December 2015**.

Bosnia and Herzegovina: since the launch of the Stabilisation and Association Process, Stabilisation and Association Agreements have been concluded between the Union and all concerned Western Balkan countries, with the exception of Bosnia and Herzegovina and Kosovo. Bosnia and Herzegovina was recognised as a potential candidate country for EU accession in 2003 and signed a Stabilisation and Association Agreement in 2008, agreeing to the EU’s conditions for membership. Since then, an Interim Agreement on trade and trade-related matters with Bosnia and Herzegovina applies, pending the finalisation of the ratification process of the Stabilisation and Association Agreement.

Having regard to differences in the scope of the tariff liberalisation under the contractual regimes which have been developed between the Union and all participants to the Stabilisation and Association process and the preferences granted under Regulation (EC) No 1215/2009, it is suggested to prolong the duration of Regulation (EC) No 1215/2009 **until 31 December 2020**, so as to give the beneficiaries of the exceptional trade measures and the European Union sufficient time **to align, where appropriate, preferences** granted under Regulation (EC) No 1215/2009 with those provided for under the Stabilisation and Association Agreements.

Consequences of the enlargement of the EU to Croatia: Bosnia and Herzegovina have not yet accepted to adapt trade concessions granted under the Interim Agreement in order to take into account the preferential traditional trade between Croatia and Bosnia and Herzegovina under the Central European Free Trade Agreement (CEFTA). In case Bosnia and Herzegovina and the European Union do not find an agreement on the adaptation of trade concessions, preferences granted to Bosnia and Herzegovina under Regulation (EC) No 1215/2009 should be suspended as of 1 January 2016. Once Bosnia and

Herzegovina and the European Union have signed and applied provisionally an agreement on the adaptation of trade concessions in the Interim Agreement, these preferences will be reestablished.

Human Rights: Regulation (EC) No 1215/2009 does not provide any possibility to temporarily suspend the grant of exceptional trade measures in case of serious and systematic violations of the fundamental principles of human rights, democracy and the rule of law by its beneficiaries. It is appropriate to introduce such possibility, so as to ensure that swift action can be taken in case serious and systematic violations of the fundamental principles of human rights, democracy and the rule of law would occur in one of the countries and territories participating in or linked to the European Union's Stabilisation and Association process.

Wine originating in Montenegro: lastly, a technical adjustment regarding Montenegro's access to the additional global quota for wine imports is included.