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

2014/0197(COD) - 16/12/2015 - Final act

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.

LEGISLATIVE ACT: Regulation (EU) 1215/2009 of the European Parliament and of the Council amending 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.

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. The Regulation applies until 31 December 2015.

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, the Regulation seeks 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 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.

Bosnia and Herzegovina: since the launch of the stabilisation and association process, Stabilisation and Association Agreements have been concluded with all the Western Balkan countries and territories concerned, with the exception of Kosovo. In May 2014, the negotiations for a Stabilisation and Association Agreement with Kosovo were completed and the Agreement was signed in October 2015.

Bosnia and Herzegovina was recognised as a potential candidate country for accession to the Union in 2003, and on 16 June 2008 signed a Stabilisation and Association Agreement agreeing to the conditions for membership of the Union. An Interim Agreement on trade and trade-related matters with Bosnia and Herzegovina applied until 31 May 2015 and the Stabilisation and Association Agreement applies from 1 June 2015 onwards.

However, Bosnia and Herzegovina has not yet agreed to adapt trade concessions granted under the Stabilisation and Association Agreement in order to take into account the preferential traditional trade between Croatia and Bosnia and Herzegovina under the Central European Free Trade Agreement. If, by the time of the adoption of this Regulation, an agreement on the adaptation of the trade concessions set out in the Stabilisation and Association Agreement has not been signed and provisionally applied by the Union and Bosnia and Herzegovina, the preferences granted to Bosnia and Herzegovina will be suspended

as from 1 January 2016. Once the Union and Bosnia and Herzegovina have signed and provisionally applied an agreement on the adaptation of trade concessions in the Stabilisation and Association Agreement, those preferences will be re-established.

Human rights: Regulation (EC) No 1215/2009 does not provide any possibility of temporarily suspending 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. Such a possibility is introduced in the Regulation so as to ensure that swift action can be taken in case serious and systematic violations occur in one of the countries concerned.

A new provision states that the entitlement to the preferential treatment introduced by the Regulation shall be, inter alia, **subject to commitments** from the countries and territories participating in or linked to the European Union's Stabilisation and Association process who do not commit serious and systematic violations of human rights, including core labour rights, of fundamental principles of democracy and of the rule of law.

In the event of non-compliance of this provision, the Commission may, **by means of implementing acts** , suspend, in whole or in part, the entitlement of the country or territory concerned to benefits under the Regulation. Those implementing acts shall be adopted in accordance with the examination procedure.

Fraud: where the Commission finds that there is sufficient evidence of fraud in the implementation of the Regulation (e.g. failure to provide administrative cooperation as required for the verification of evidence of origin, or a massive increase in exports into the Union above the level of normal production and export capacity), it may take **measures to suspend in whole or in part the arrangements** provided for in this Regulation for a period of three months, under certain conditions set out in the Regulation.

Wine originating in Montenegro: lastly, a technical adjustment regarding Montenegro's access to the additional global quota for wine imports is included. The aim is to ensure that all the countries and territories in the Western Balkans (including Montenegro) are treated on an equal footing, and provide that Montenegro with access to the global wine quota for products of CN code 2204 29, without the need to exhaust its individual quota.

ENTRY INTO FORCE: 25.12.2015. The Regulation is applicable from 1.1.2016.