EU/Iceland agreement: additional trade preferences in agricultural products

2016/0293(NLE) - 09/09/2016 - Preparatory document

PURPOSE: to conclude an agreement in the form of an exchange of letters between the European Union and Iceland concerning additional trade preferences in agricultural products.

PROPOSED ACT: Council Decision.

ROLEOF THE EUROPEAN PARLIAMENT: Council may only adopt the act with Parliament’s approval.

BACKGROUND: the EU and Iceland are signatories to the Agreement on the European Economic Area (EEA Agreement), which provides for the free movement of goods, with the exception of agricultural and fisheries products. Article 19 of the EEA Agreement provides that the Parties will review efforts on the further reduction of any type of barriers to trade in the agricultural sector.

The previous agreement in the form of an exchange of letters entered into force on 1 January 2007. It provided for mutual tariff rate quotas and reductions in duty. It also included an undertaking by the Parties to resume bilateral negotiations under Article 19 of the EEA Agreement in two years’ time.

The bilateral agricultural trade agreement of 2007 increased the duty-free access of Icelandic agricultural products to the EU market to 51.9 % of trade and increased the duty-free access of EU agricultural products to the Icelandic market to 66.4 % of trade. These figures demonstrate that there was ample room for further trade concessions. Therefore, the latest round of negotiations that took place on 4 July 2012, aimed at: (i) increasing the degree of liberalisation on both sides; (ii) increasing the current tariff rate quotas; and (iii) opening new tariff rate quotas for additional agricultural products. The Agreement was initialled by the Parties on 17 September 2015.

CONTENT: the Commission proposes that the Council adopt a decision approving, on behalf of the EU, t **he Agreement in the form of an exchange of letters between the European Union and Iceland** concerning additional trade preferences in agricultural products. The Agreement provides for **further trade preferences** for trade in agricultural products, including additional fully liberalised tariff lines. As a result almost **90 % of EU agricultural products** will enter Iceland duty-free. For more sensitive products such as meat, dairy, fruit, vegetable and ornamental plants, additional tariff quotas or tariff reductions have been agreed upon.

BUDGETARY IMPLICATIONS: the Agreement will have no impact on the expenditure side of the EU budget. The new concessions granted on imports from Iceland will likely result in a reduction of own resources through a lower collection of customs duties.