Temporary trade-liberalisation measures supplementing trade concessions applicable to Moldovan products under the EU/Moldova Association Agreement

2023/0144(COD) - 02/05/2023 - Legislative proposal

PURPOSE: to increase trade flows for all imports from Moldova by suspending all customs and import duties applied to Moldovan products.

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.

BACKGROUND: the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Moldova, of the other part constitutes the basis of the relationship between the Union and Moldova.

Russia's unprovoked and unjustified war of aggression against Ukraine since 24 February 2022 had a profoundly negative impact on the ability of Moldova to trade with the rest of the world, notably because Moldova's exports relied for that trade on transit via Ukrainian territory and on Ukrainian infrastructure, which are still largely unavailable.

To mitigate the negative effects on Moldova's economy, it is necessary to:

- **accelerate the development of closer economic relations between the Union and Moldova** and to provide quick support to Moldova's economy under these critical circumstances;

- **continue to stimulate trade flows and grant concessions in the form of trade-liberalisation measures** for all products, in line with the acceleration of the elimination of customs duties on trade between the Union and Moldova.

CONTENT: given Russia's continued military aggression against Ukraine and the ongoing impact on Moldova, and considering that Moldova was granted EU candidate status in June 2022, the Commission is proposing a Regulation of the European Parliament and of the Council that will renew these trade-liberalisation measures for a period of 1 year as of the date the current measures expire (i.e. as of 25 July 2023). The measures should take the form of a **temporary suspension** of all outstanding tariffs under Title V of the Association Agreement. This concerns fruits and vegetables subject to the entry-price system and to tariff-rate quotas.

Under Annex XV-A of the Association Agreement, seven agricultural products from Moldova are subject to tariff-rate quotas. These are: tomatoes, garlic, table grapes, apples, cherries, plums and grape juice. For all these products, it is appropriate to **suspend all tariffs and the entry-price system** to temporarily support the redirection of the export of these products to the EU.

The trade-liberalisation measures set out in this proposal for a Regulation are in line with Article 2 of the Association Agreement which commits to respecting democratic principles, human rights and

fundamental freedoms, as well as the fight against the proliferation of weapons of mass destruction, related materials and their means of delivery.

Trade liberalisation measures themselves would be subject to compliance with these essential elements and general principles.

In addition, the trade liberalisation measures contained in the proposal aim to ensure that the Union's common commercial policy is conducted in accordance with the principles and objectives of the Union's external action human rights and fundamental freedoms as well as to countering the proliferation of weapons of mass destruction, related materials and their means of delivery. The trade-liberalisation measures themselves would need, as a prerequisite, to respect these essential elements and general principles.

Furthermore, the trade-liberalisation measures outlined in this proposal aim to ensure that the EU’s common commercial policy is conducted in line with the principles and objectives of the EU’s external action set out in Article 21 of the Treaty on European Union (TEU).

Budgetary implications

According to an estimate based on Moldova’s imports of the products concerned in 2021, which was the last year before autonomous trade measures were introduced, the EU will see a loss of customs revenue corresponding to around EUR 0.3 million per year. Therefore, the impact on the EU’s own resources will be very limited.