EC/Palestine Liberation Organisation PLO agreement: Euro-Mediterranean interim association agreement

1997/0036(AVC) - 10/03/1997 - Legislative proposal

OBJECTIVE: Conclusion of a Euro-Mediterranean Interim Association Agreement on trade and cooperation between the European Community and the PLO for the benefit of the Palestinian Authority. SUBSTANCE: General principle: the agreement which was initialled on 10 December 1996 is concluded for an interim period of five years and seeks to strengthen links between the Palestinians and the European Union. It respects the Israeli-Palestinian Interim Agreement of 28 September 1995 on the West Bank and Gaza Strip, under the terms of which the PLO may conclude international agreements for the benefit of the Palestinian Authority only in certain areas. The agreement therefore covers only matters of trade and cooperation falling under Community competence and seeks to establish a free trade area over a transitional period not extending beyond 2001. No later than 4 May 1999 negotiations should commence with a view to concluding a Euro-Mediterranean Association Agreement (until such an agreement is concluded, the present agreement will remain in force). .Democratic clause: respect for democratic principles and human rights is a fundamental element of the agreement; Main components: - establishment of a free trade area between the Community, the West Bank and the Gaza Strip (31.12.2001): it will be established progressively in accordance with WTO provisions. Although flows have been small, trade between the EU, the West Bank and the Gaza Strip has in fact been free for a considerable period. According to Council Regulation 1134/91/EEC, the Community has granted free access to Community markets for industrial goods produced in the West Bank and Gaza Strip. Under this regulation and regulations 1981/94 and 539/96/EC, 22 Palestinian agricultural products have enjoyed similarly free access to Community markets (within reference quantities, or, in some cases, tariff quotas). On processed agricultural goods only the agricultural portion of duty has been levied. At the same time, since Israel has concluded free trade agreements with the Community, by virtue of its Association Agreement with the Community and since the Economic Protocol to the Israel/EU Interim Agreement lays down that, for the majority of products, Israel and the Palestinian Authority will maintain the same import policy, trade between the EU and the West Bank and Gaza Strip is already free. The agreement would contractualise this situation between the Community and the Palestinians; - special provisions on agricultural and fishery aspects: the agreement stipulates that both parties will examine the situation in order to determine the measures to be applied from 1 January 2000, in the interest of a greater liberalization of trade in agricultural and fishery products. The agreement furthermore leaves open the possibility of the parties granting each other further concessions on a product-by-product basis during the life of the agreement; - financial and development cooperation: the Community already provides an extensive programme of support for the development of the West Bank and Gaza Strip. The agreement confirms that a financial cooperation package will be made available to the Palestinian Authority. Specific annual amounts will be allocated for Community operations connected with the Israel/Palestinian peace agreement and by the internal procedure provided for under the MEDA regulation (Regulation 1488/96/EC). The agreement also specifies the areas which can be covered by economic cooperation between the Palestinian Authority and the Community; - other forms of cooperation: there are provisions covering audiovisual and cultural matters and the areas of information and communication; - specific provisions: the Parties undertake to impose no restrictions on current payments or capital relating to direct investments in the West Bank and Gaza Strip, while both parties will seek to protect intellectual property and to ensure fair competition. On an institutional level, the agreement provides for the establishment of a joint committee for European Community-Palestinian trade and cooperation which will supervise the implementation of the agreement.