Basic information

2010/0289(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Emergency autonomous trade preferences for Pakistan **Subject** 6.20.03 Bilateral economic and trade agreements and relations 6.20.04 Union Customs Code, tariffs, preferential arrangements, rules of origin 6.50 Emergency, food, humanitarian aid, aid to refugees, Emergency Aid Reserve **Geographical area** Pakistan	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	MOREIRA Vital (S&D)	30/04/2011

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	PREDA Cristian Dan (PPE)	23/11/2010
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Employment, Social Policy, Health and Consumer Affairs	3188	2012-10-04

European Commission

Commission DG	Commissioner
Trade and Economic Security	DE GUCHT Karel

Key events

Date	Event	Reference	Summary
07/10/2010	Legislative proposal published	COM(2010)0552	Summary

19/10/2010	Committee referral announced in Parliament, 1st reading		
16/03/2011	Vote in committee, 1st reading		Summary
21/03/2011	Committee report tabled for plenary, 1st reading	A7-0069/2011	
09/05/2011	Debate in Parliament		
10/05/2011	Decision by Parliament, 1st reading	T7-0205/2011	Summary
10/05/2011	Results of vote in Parliament		
13/09/2012	Decision by Parliament, 1st reading	T7-0350/2012	Summary
04/10/2012	Act adopted by Council after Parliament's 1st reading		
25/10/2012	Final act signed		
25/10/2012	End of procedure in Parliament		
14/11/2012	Final act published in Official Journal		

Technical information

Procedure reference	2010/0289(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the European Union TFEU 207-p2
Stage reached in procedure	Procedure completed
Committee dossier	INTA/7/04282

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE452.788	16/11/2010	
Amendments tabled in committee		PE454.631	14/12/2010	
Committee opinion	AFET	PE454.520	25/01/2011	
Committee report tabled for plenary, 1st reading/single reading		A7-0069/2011	21/03/2011	
Text adopted by Parliament, partial vote at 1st reading /single reading		T7-0205/2011	10/05/2011	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0350/2012	13/09/2012	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00047/2012/LEX	25/10/2012	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2010)0552	07/10/2010	Summary
Commission response to text adopted in plenary	SP(2012)665	11/10/2012	
Follow-up document	COM(2015)0591	30/11/2015	Summary

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2010)0552	23/12/2010	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Regulation 2012/1029
OJ L 316 14.11.2012, p. 0043 Summary

Emergency autonomous trade preferences for Pakistan

2010/0289(COD) - 25/10/2012 - Final act

PURPOSE: to introduce emergency autonomous trade preferences for Pakistan until 31 December 2013.

LEGISLATIVE ACT: Regulation (EU) No 1029/2012 of the European Parliament and of the Council introducing emergency autonomous trade preferences for Pakistan.

CONTENT: following agreement at first reading, the European Parliament and the Council adopted a regulation introducing emergency autonomous trade preferences for Pakistan in response to the humanitarian situation caused by heavy monsoon rains and devastating floods in the summer of 2010.

The Regulation **grants increased market access to the EU through the immediate and time-limited reduction of duties on key imports from Pakistan** . The main points are as follows:

Background: the text recalls that in July and August 2010, following heavy monsoon rains, devastating floods affected extensive regions of Pakistan, notably the areas of Balochistan, Khyber Pakhtunkhwa, Punjab, Sindh and Gilgit-Baltistan. According to United Nations sources, the flooding affected some 20 million people and 20 per cent of Pakistan's land, equivalent to at least 160000 square kilometres, and leaving up to 12 million people in need of urgent humanitarian aid. As well supplying humanitarian aid, it is important to use all available means to support Pakistan's recovery from this emergency including exceptional trade measures to boost Pakistan's exports in order to contribute to its future economic development, while ensuring that consistency and coherence is maintained at all levels with a view to developing a sustainable long-term strategy.

Products covered by the proposed mechanism and exceptional nature of the measure: Pakistan's trade with the Union is mainly composed of textiles and clothing products which accounted for 73.7 % of Pakistani exports to the Union in 2009. Pakistan also exports ethanol and leather, which are in

addition to textiles and clothing, sensitive industrial products in certain Member States where jobs in the industry have already been impacted to varying degrees by the global recession. Those industries are struggling to adapt to a new global trading environment.

The textiles sector is of key importance to the Pakistani economy, accounting for 8.5 % of gross domestic product and employing 38 % of the labour force, about half of which is made up of women.

Given the hardship being suffered by the Pakistani people due to the devastating floods, the Regulation extends exceptional autonomous trade preferences to Pakistan by suspending for a limited period of time all tariffs for certain products of export interest to Pakistan. The provision of such trade preferences should only cause limited adverse effects on the domestic market of the Union and should not affect negatively least developed Members of the World Trade Organisation (WTO). Those measures are proposed as part of an exceptional package, in response to the specific situation in Pakistan. **Under no circumstances should they constitute a precedent for the Union's trade policy with other countries.**

Form of autonomous trade preferences: the autonomous trade preferences will be either in the form of an exemption from customs duties upon import in the Union or in the form of tariff-rate quotas.

Compliance with rules of origin: entitlement to benefit from the exceptional autonomous trade preferences is conditional on Pakistan's compliance with the relevant rules of origin of products and the procedures related thereto as well as involvement in effective administrative cooperation with the Union in order to prevent any risk of fraud. Serious and systematic violations of the conditions for the entitlement to the preferential arrangement, fraud or failure to provide administrative cooperation for the verification of origin of goods should constitute reasons for a temporary suspension of the preferences.

For the purposes of defining the concept of originating products, certification of origin and administrative cooperation procedures, Part I, Title IV, Chapter 2, Section 1 and Section 1A of Commission Regulation (EEC) No 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code, with the exception of Articles 68 to 71, 90 to 97i and 97j(2) of those Sections, will apply. However, as regards cumulation of origin, only materials originating in the Union will be allowed to be used for such purposes. Regional cumulation and other types of cumulation except that with the materials originating in the Union will not apply in relation to the determination of the originating status of products covered by the autonomous trade preferences in order to ensure that sufficient transformation takes place in Pakistan.

Removal of products from the scope of the Regulation: where, in the calendar year 2012 or 2013, imports based on customs import data for a product originating from Pakistan and included in Annex I increase, in volume, by 25 % or more, as compared to the average of the years 2009 to 2011, that product shall be removed from the scope of the Regulation for the remainder of that year. The Commission is empowered to adopt delegated acts to amend Annex I to remove that product from the scope of the Regulation for the remainder of that year. Upon the entry into force of the delegated act, imports of the product in question shall be subject to "most-favoured-nation" or other applicable duties.

Implementing acts: the Commission is empowered to adopt implementing acts in order to react swiftly and ensure the integrity and orderly functioning of the autonomous trade preferences for Pakistan and in order to ensure uniform conditions for the implementation of this Regulation. These acts concern temporary suspension due to non-compliance with customs-related procedures and obligations, due to serious and systematic violations of the fundamental principles of human rights, democracy and the rule of law by Pakistan, or due to Pakistan not respecting the condition that it abstain from 1 July 2012 from introducing new or increasing existing export duties or charges having equivalent effect or any other restriction or prohibition on the export or sale for export of any materials used in the production of the products covered by this Regulation.

Report: no later than 31 December 2015, the Commission shall submit a report on the operation and effects of the Regulation, including a detailed analysis of the effects of these preferences on the economy of Pakistan and their impact on trade and the Union's tariff income as well as on the Union economy and jobs, and taking into account in particular the effects of the autonomous trade preferences in terms of job creation, poverty eradication and the sustainable development of Pakistan's working population and poor.

DELEGATED ACTS: in order to make the necessary technical adaptations to the list of goods for which the autonomous trade preferences apply and to remove products from the scope of the Regulation where volumes of imports increase beyond certain levels the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union is delegated to the Commission in respect of amending Annexes I and II to reflect changes in the combined nomenclature and to remove products from the scope of this Regulation. The Commission shall ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

In order to address without delay significantly increased imports of the products exempted from customs duties when imported into the Union and which may have an adverse impact upon Union producers, the Commission should adopt delegated acts removing products from the scope of this Regulation under the urgency procedure.

ENTRY INTO FORCE: 15 November 2012.

APPLICATION: from 15 November 2012 until 31 December 2013.

Emergency autonomous trade preferences for Pakistan

2010/0289(COD) - 30/11/2015 - Follow-up document

The Commission presents a report analysing the operation and effect of Regulation (EU) No 1029/2012 introducing emergency autonomous trade preferences (ATP) for Pakistan. To recall, the Regulation is part of the EU's response to the floods from July to September 2010 that affected extensive parts of Pakistan. It is intended to underpin Pakistan's recovery and future development. The Regulation granted trade preferences to Pakistan for 75 products, comprising:

- Annex I products: 49 products that could be imported into the EU without duties or quantitative limitations
- Annex II products: 26 products that could be imported at zero duty subject to quantitative limitations, i.e. tariff rate quotas.

While the preferences were granted from 15 November 2012 to 31 December 2013, the analysis is focused on the calendar year 2013, which is compared to the average imports over the three preceding years (2010, 2011 and 2012). Data is based on the EU of 27 Member States (EU27) since Croatia's accession took place on 1 July 2013.

Effects on trade: EU imports of ATP products from Pakistan amounted to EUR1.5 billion in 2013 and increased by EU 348 million or 31.5% in 2013 compared to the average of 2010-12. Since EU imports of ATP products accounted for around 33% of total imports from Pakistan, it could be said that **ATP imports substantially contributed to the increase of 9.4% in total imports from Pakistan in 2013** (imports of all other products than those under the ATP only increased by 1.1%).

The total EU imports of ATP products from Pakistan were almost equally divided between Annex I and Annex II products. On average, imports of Annex II products increased slightly more (34%) than Annex I products (29%), which was mainly due the substantial increase in imports of one product in Annex II (22071000 undenatured ethyl alcohol). If this product is not taken into account, imports of Annex II products increased by 25% on average.

An analysis of EU imports from the world and countries with similar trade preferences (those benefiting from zero duties under the EU's Generalised System of Preferences (GSP)) shows that imports from Pakistan under the ATP lines have on average performed better than total EU imports from the world, but **fared less well than imports from countries with similar trade preferences.** One likely explanation for the sharp increase of imports from GSP zero beneficiaries (66.2%) is the reform of the EU's GSP rules of origin (applicable from 1 January 2011) which substantially relaxed them for the Least Developed Countries, including for textiles and clothing. The main source of the increase is Bangladesh, which accounted for around 65% of the GSP zero beneficiary imports.

Effects on EU production and jobs: the report discusses the figures for and changes in EU27 production and employment in manufacturing. It notes that it is difficult to isolate the possible effects of imports from Pakistan under the ATP from a number of other factors that can influence EU production, employment and markets such as the weak economic development in several EU Member States, exchange rates, business cycles, consumer confidence, interest rates etc. It is therefore difficult to draw explicit conclusions on whether EU imports from Pakistan under the ATP have affected EU production and employment, especially in more specific sectors or products. The Commission examines the figures available and states that an overall conclusion would seem to be that the **impact of ATP imports from Pakistan on EU production has been limited**. The ATP imports probably have contributed to increased import competition on the EU market, in particular within product sections where Pakistan was already among the major suppliers to the EU. However, this possible contribution to import competition needs to be seen relative to the one related to the **much more substantial increase of imports from GSP zero beneficiaries.**

Effects on jobs, growth and poverty in Pakistan: the ATP were aimed at supporting Pakistan's economic recovery over the mid- to long-term by generating additional exports from Pakistan to the EU. A possible indication of the cost to the EU budget of these additional exports could be seen as represented by the **foregone tariff revenue of EUR 84.6 million.**

The Commission considers that it is difficult to draw explicit conclusions on the possible impact of the ATP on growth, jobs and poverty in Pakistan. Recent and relevant data is not available for a more detailed analysis. More importantly, it would be **difficult to isolate the possible impact of the ATP from other external and internal factors** affecting growth, employment and sustainable development in Pakistan. Nonetheless, taking into account the EU's share in Pakistan's exports to the world, in particular with regard to textiles and clothing, and the relative importance of the textiles industry to Pakistan's economy, including employment, the ATP could **potentially have made a contribution to economic recovery**. This would appear to be supported to a certain extent by the fact that EU imports from Pakistan, in total and for main exports sectors, after showing recovery from the 2007 /2008 financial crisis, dipped or stagnated in 2012, but recovered again in 2013.

In conclusion, the report confirms that it is not possible to draw explicit conclusions on the impact the ATP might have had on the EU's economy or jobs, or on job creation, poverty eradication and the sustainable development in Pakistan. This is mainly due to the difficulty of isolating the possible effects of the ATP from other important factors such as the overall economic situation in the EU and Pakistan, business cycles, exchange rates, industrial and employment policies and programmes etc. Lack of specific and relevant data, in particular related to employment and wages in Pakistan, has also been a limiting factor.

Emergency autonomous trade preferences for Pakistan

2010/0289(COD) - 13/09/2012 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 342 votes to 97, with 165 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council introducing emergency autonomous trade preferences for Pakistan. The matter had been referred back for re-examination by the committee responsible during the session of 10 May 2011.

Parliament adopted its position in first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between Parliament and Council.

Support the rehabilitation of Pakistan: the main objective is for the EU to use all available means to support Pakistan's recovery from serious floods in 2010, including exceptional trade measures to boost Pakistan's exports in order to contribute to its future economic development. The severity of this natural disaster demands an immediate and substantial response, which would take into account the geostrategic importance of Pakistan's partnership with the Union, mainly through Pakistan's key role in the fight against terrorism, while contributing to the overall development, security and stability of the region. It is in this context that the Commission proposed **this exceptional measure** comprising 75 tariff lines specific to Pakistan's core export sectors in those areas worst hit by the floods, asserting that an increase in Pakistani exports to the Union of EUR 100 million or more a year would provide real, substantial and worthwhile assistance to the region.

Products covered by the proposed mechanism and exceptional nature of the measure: it is recalled that Pakistan's trade with the Union is mainly composed of textiles and clothing products (73.7% of Pakistani exports to the Union in 2009), but also ethanol and leather, which are sensitive industrial products in certain Member States where jobs in the industry have already been heavily impacted by the global recession and the industries are struggling to adapt to a new global trading environment. It is alo stressed that the textiles sector is of key importance to the Pakistani economy, accounting for 8.5% of GDP and employing 38% of the labour force about half of whom are women.

This is the reason why the proposed autonomous trade preferences affect these sectors and are of an exceptional nature. The purpose is to **suspend for a limited period of time all tariffs for certain products of export interest to Pakistan, with only limited adverse effects on the EU's domestic market**. Under no circumstances should they **constitute a precedent** for the Union's trade policy with other countries.

Need for a derogation from WTO rules: to grant the autonomous trade preferences to a single country, the EU has had to obtain a special derogation from the World Trade Organisation (WTO). This derogation was blocked by WTO member countries, such as India and Bangladesh, which were concerned about the eventual impact on their own markets. This derogation was however obtained by the General Council of the WTO, on 14 February 2012.

Conditions for the granting of exceptional trade preferences: the granting of the envisaged autonomous trade preferences will be linked to:

- compliance with the rules of origin of products and the procedures related thereto as provided for in Regulation (EEC) No 2454/93 on the Community Community Customs Code, with the exception of certain products specifically cited in the Regulation;
- the **absence of serious and systematic violations of human rights in Pakistan**, including core labour rights, fundamental principles of democracy and the rule of law;
- Pakistan abstaining from introducing new or increasing **existing export duties** or charges having equivalent effect or any other restriction or prohibition on the export or sale for export of any materials primarily used in the production of any of the products covered by these preferential arrangements destined for the territory of the Union, from 1 July 2012.

Removal of products from the scope of this Regulation: to limit the effect of the exceptional measures on the European industry and employment in the textile, clothing, ethanol and leather sectors as a result of increases in cheap imports, the Commission will be permitted to reintroduce tariff duties **if the imports of the products in question increase, in volume, by 25% or more**, in 2012 and 2013, based on customs import data of a product originating in Pakistan. The Commission, in this instance, shall be empowered to adopt delegated acts to remove that product from the scope of this Regulation for the remainder of that year. In this case, imports of the product shall be subject to most-favoured nation or other applicable duties.

Likewise, the Commission shall be empowered to adopt delegated acts to amend the Annexes in order to **incorporate amendments and technical adjustments** made necessary by amendments to the Combined Nomenclature and to the TARIC subdivisions.

Implementation: in order to react swiftly and ensure the integrity and orderly functioning of the autonomous trade preferences for Pakistan and in order to ensure uniform conditions for the implementation of this Regulation concerning temporary suspension due to non-compliance with customs-related procedures and obligations, due to serious and systematic violations of the fundamental principles of human rights, democracy and the rule of law by Pakistan, or due to Pakistan not respecting the condition that it abstain from 1 July 2012 from introducing new or increasing existing export duties or charges having equivalent effect or any other restriction or prohibition on the export or sale for export of any materials used in the production of the products covered by this Regulation, powers are conferred on the Commission to **adopt immediately applicable implementing acts**, **where imperative grounds of urgency so require**. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.

Delegated implementing measures: in order to make the necessary technical adaptations to the **list of goods for which the autonomous trade preferences apply** and to remove products from the scope of this Regulation where volumes of imports covered by this Regulation increase beyond certain levels the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of amending Annexes I and II to reflect changes in the combined nomenclature and to remove products from the scope of this Regulation. The Commission shall carry out appropriate consultations during its preparatory work, including at expert level. The Commission shall ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

In order to address without delay significantly increased imports of the products exempted from customs duties when imported into the Union and which may have an adverse impact upon Union producers, the Commission should adopt delegated acts removing products from the scope of this Regulation under the **urgency procedure**.

Report: no later than 31.12.2015, the Commission should submit a report to the European Parliament and to the Council on **the effects of these autonomous trade preferences**. That report should include a detailed analysis of the effects of these preferences on the economy of Pakistan and their impact on trade and the Union's tariff income as well as on the Union economy and jobs. In reporting, the Commission should take into account in particular the effects of the autonomous trade preferences in terms of job creation, poverty eradication and the sustainable development of Pakistan's working population and poor.

Annexes: the Annexes to the Regulation are amended in accordance with the spirit of the amendments to the Regulation:

- **Annex I:** Products for which the customs duty is exempted include a list of textile products: various types of cotton fabrics, synthetic fabrics and other clothing items, as well as other furnishing textile products or curtains;
- **Annex II:** Products subject to annual duty free tariff quotas with limitations on imports fixed in the Regulation (maximum tonnage): ethyl alcohol, leather skins and other leather articles, garments, different types of cotton and polyester yarns, as well as various types of footwear.

Entry into force: the Regulation will be applicable until 31 December 2013, in accordance with the provisions of the WTO derogation.

Emergency autonomous trade preferences for Pakistan

2010/0289(COD) - 10/05/2011 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament amended, under the ordinary legislative procedure, the proposal for a regulation of the European Parliament and of the Council introducing emergency autonomous trade preferences for Pakistan.

The vote on the resolution was postponed until a later plenary session.

The main amendments made to the Commission proposal are as follows:

Support the rehabilitation of Pakistan: Parliament calls on the EU to use all available means to support Pakistan's recovery from this emergency, including the proposed exceptional trade measures to boost Pakistan's exports in order to contribute to its future economic development while ensuring that consistency and coherence is maintained at all levels with a view to developing a sustainable long-term strategy. The severity of this natural disaster demands an immediate and substantial response, which would take into account the geostrategic importance of Pakistan’s partnership with the Union, mainly through Pakistan's key role in the fight against terrorism, while contributing to the overall development, security and stability of the region. In this context, the Commission proposed a package identifying 75 tariff lines specific to Pakistan's core export sectors in those areas worst hit by the floods, **asserting that an increase in Pakistani exports to the Union of EUR 100 million or more a year would provide real, substantial and worthwhile assistance to the region**.

Products covered by the proposed mechanism and exceptional nature of the measure: the resolution recalls that Pakistan's trade with the Union is mainly composed of **textiles and clothing products** which according to the Commission accounted for 73.7% of Pakistani exports to the Union in 2009, but also ethanol and leather, which are sensitive industrial products in certain Member States where jobs in the industry have already been heavily impacted by the global recession and the industries are struggling to adapt to a new global trading environment. Parliament stresses that the textiles sector is of key importance to the Pakistani economy, accounting for 8.5% of GDP and employing 38% of the labour force about half of whom are women. Given the hardship being suffered by the Pakistani people due to the devastating floods, Members consider it **appropriate to extend exceptional autonomous trade preferences to Pakistan by suspending for a limited period of time all tariffs for certain products of export interest to Pakistan**. The provision of these trade preferences should only cause limited adverse effects on the domestic market of the Union and should not affect negatively least developed Members of the World Trade Organisation (WTO).

Immediate impact: through an amendment adopted in plenary, Parliament calls for this Regulation to apply for 12 months after its entry into force (instead of 31.12.2013 as proposed by the Commission). Before that date the Commission shall submit a report on the impact assessment of this Regulation to the European Parliament and to the Council. On the basis of a new legislative proposal made by the Commission, the European Parliament and the Council shall decide whether to extend the application of this Regulation for another year.

Granting exceptional autonomous trade preferences: Parliament confirms that the granting of autonomous trade preferences is linked to respect for the fundamental principles of democracy and human rights. If Pakistan adopts measures restricting human rights and workers’ rights, gender equality or religious rights or if it provides terrorist organisations of any kind with backing or support, the Commission shall immediately propose to repeal this Regulation.

Moreover, it is also conditional on Pakistan abstaining from **maintaining, introducing or increasing duties or charges having equivalent effect** or any other restriction or prohibition on the export or sale for export of any materials primarily used in the production of any of the products covered by this Regulation destined for the territory of the Union. In this case, safeguard measures should be immediately introduced.

Surveillance and monitoring of the effects of measures proposed by the EU market: in order to ensure effective monitoring of the trends of imports of products covered by this Regulation as far in advance as possible, Members consider it necessary to establish customs surveillance on imports covered by this Regulation. On the basis of this monitoring a quarterly report on the application and implementation of this Regulation should be submitted.

The autonomous trade preferences granted to Pakistan should be subject to an annual impact assessment, conducted by the Commission and presented to Parliament and the Council, which allows for adjustments to be made based on the actual volume of imports and the possible repercussions for the sectors specifically concerned by this Regulation.

Safeguard measures: in favour of an oral amendment adopted in plenary, the resolution stipulates that at the request of a Member State, **any legal person or any association not having legal personality acting on behalf of the Union industry**, or on the Commission's own initiative, the Commission shall take a formal decision to initiate an investigation within one month. Where the Commission decides to initiate an investigation, it shall publish a notice in the Official Journal of the European Union announcing the investigation. The Commission shall seek all information it deems necessary and may verify the information received with Pakistan and any other relevant source. It may be assisted by officials of the Member State on whose territory verification might be sought, if that Member State so requests. In examining whether there are serious difficulties, the Commission shall take account, inter alia, of the following factors: market share; production; stocks; prices, etc. The Commission shall decide whether to impose definitive safeguard measures.

Surveillance measures: in parallel, when the trend in imports of one of the products included in Annex I (Products for which the customs duty is exempted, notably textiles) originating in Pakistan is such that it could lead to a safeguard measure, the Commission may decide to subject the imports of that product to prior Union surveillance. Surveillance measures shall have a limited period of validity. Unless otherwise provided, they shall cease to be valid at the end of the second six-month period. This surveillance shall provide for updated and timely data, in volume and value. These data shall be immediately made available to Member-States, the European Parliament and economic operators.

Delegated acts: in order to ensure uniform conditions for the implementation of this Regulation concerning **temporary suspension, surveillance and safeguard**, Members call for measures implementing powers to be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No. 182/2011 of the European Parliament and of the Council.

In this context, Parliament recommends the use of the **advisory procedure for the adoption of surveillance and provisional safeguard measures** in order to take into account the effects of these measures and their sequential logic in relation to the adoption of definitive safeguard measures. The same applies with regard to the suspension of preferences when the conditions for entitlement to the preferential arrangements are not fulfilled since the Commission is thereby only acting upon factual evidence and is not required to use political discretion.

In parallel, in order to make the necessary technical adaptations to the list of goods for which the autonomous trade preferences apply and to introduce tariff rate quotas **where volumes of imports covered by this Regulation increase beyond certain levels**, Parliament calls for the Commission to be empowered to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union in respect of amending **Annex I and Annex II** to reflect changes in the combined nomenclature and to introduce new quotas. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing-up delegated acts, should also ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council. Moreover, the European Parliament or the Council may object to a delegated act adopted under the urgent procedure.

It should be noted that in each case, the power conferred on the Commission in the first paragraph shall **not go so far as to allow it to introduce additional products not included in the lists** in Annexes I and II of this Regulation.

Annexes: Plenary made amendments to the Annexes of the Regulation by adding certain products to the products already covered by the Regulation.

Emergency autonomous trade preferences for Pakistan

2010/0289(COD) - 07/10/2010 - Legislative proposal

PURPOSE: to introduce emergency autonomous trade preferences for Pakistan.

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

BACKGROUND: against the background of the unprecedented and devastating floods in Pakistan in July and August 2010, the European Council at its meeting on 16 September mandated Ministers to agree urgently a comprehensive package of short, medium and longer term measures which will help underpin Pakistan's recovery and future development. These should, inter alia, include ambitious trade measures granting, exclusively to Pakistan, increased market access to the EU through the immediate and time limited reduction of duties on key imports from Pakistan.

The European Council invited the Commission to present in October a proposal for a Regulation of the European Parliament and of the Council to unilaterally suspend duties on certain imports from Pakistan for a limited period of time.

IMPACT ASSESSMENT: no impact assessment was carried out.

LEGAL BASE: Article 207(2) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: this proposal **extends autonomous trade preferences to Pakistan** by suspending for a limited period of time all tariffs for certain products of export interest to Pakistan. The provision of these trade preferences would not cause any meaningful adverse effects on the domestic market of the Union and would not affect negatively least developed Members of the World Trade Organisation (WTO).

60% of Pakistan's exports to the EU are textiles and clothing. Consequently, a large number of products proposed for liberalisation are textiles and clothing. Yet, since the product scope should be as broad as possible, it also includes other industrial and agricultural products in order not to undermine Pakistan's efforts to diversify its industries and exports base.

A list of **75 dutiable products lines** of importance for Pakistan's exports has been established. The selected product lines amount to almost **€900 million in import value**, accounting for about 27% of EU imports from Pakistan (€3.3 billion). Liberalising these 75 lines, of which one product line (ethanol) would be subject to an annual tariff rate quota of 100 000 tonnes based on past imports, would result in an estimated increase in EU imports from Pakistan of around €100 million per year compared to 2009, while lowering tariff revenue for the EU budget by slightly more than €80 million.

The autonomous trade preferences will be either in the form of an exemption from customs duties upon import in the Union or in the form of tariff-rate quotas.

Entitlement to benefit from the autonomous trade preferences is conditional on Pakistan's compliance with the relevant rules of origin of products and the procedures related thereto as well as involvement in effective administrative cooperation with the Union in order to prevent any risk of fraud.

Given the urgency of the situation in Pakistan, the Regulation should apply as of 1 January 2011, provided that the WTO has approved the request from the Union for the waiver from its obligations under GATT Articles I and XIII.

In order to ensure an immediate and sustainable impact on the economic recovery of Pakistan in the aftermath of the floods it is recommended to limit the duration of the trade preferences until 31 December 2013.

FINANCIAL IMPLICATION: the proposal has no financial impact on expenditure but has a **financial impact on revenue**. In total the gross loss in customs duties amounts to €82.4 million, while the net loss would be 25% lower (Member States' collection costs) at **€61.8 million**. These figures build on the assumption that Pakistan currently fully makes use of its preferential access to the EU market.