Basic information

2014/0197(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
EU Stabilisation and Association process: application of exceptional trade measures with regard to Bosnia and Herzegovina **Subject** 6.20.03 Bilateral economic and trade agreements and relations 6.20.04 Union Customs Code, tariffs, preferential arrangements, rules of origin 6.40.03 Relations with South-East Europe and the Balkans 8.20.01 Candidate countries **Geographical area** Bosnia and Herzegovina	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	BETTINI Goffredo Maria (S&D)	03/09/2014
	Shadow rapporteur STIER Davor Ivo (PPE) LOONES Sander (ECR) REHN Olli (ALDE) BUCHNER Klaus (Verts /ALE) BORRELLI David (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	PREDA Cristian Dan (PPE)	22/09/2014

Council of the European Union

European Commission

Commission DG	Commissioner
Trade and Economic Security	MALMSTRÖM Cecilia

Key events

Date	Event	Reference	Summary
26/06/2014	Legislative proposal published	COM(2014)0386	Summary
03/07/2014	Committee referral announced in Parliament, 1st reading		
19/03/2015	Vote in committee, 1st reading		
24/03/2015	Committee report tabled for plenary, 1st reading	A8-0060/2015	Summary
29/04/2015	Debate in Parliament		
30/04/2015	Decision by Parliament, 1st reading	T8-0177/2015	Summary
30/04/2015	Results of vote in Parliament		
30/04/2015	Matter referred back to the committee responsible		
01/12/2015	Approval in committee of the text agreed at 1st reading interinstitutional negotiations		
15/12/2015	Decision by Parliament, 1st reading	T8-0442/2015	Summary
15/12/2015	Results of vote in Parliament		
15/12/2015	Act adopted by Council after Parliament's 1st reading		
16/12/2015	Final act signed		
16/12/2015	End of procedure in Parliament		
24/12/2015	Final act published in Official Journal		

Technical information

Procedure reference	2014/0197(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/8/00663

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE546.867	02/02/2015	
Amendments tabled in committee		PE549.390	26/02/2015	
Committee opinion	AFET	PE546.665	11/03/2015	

Committee report tabled for plenary, 1st reading/single reading		A8-0060/2015	24/03/2015	Summary
Text adopted by Parliament, partial vote at 1st reading /single reading		T8-0177/2015	30/04/2015	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0442/2015	15/12/2015	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00067/2015/LEX	16/12/2015	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2014)0386	26/06/2014	Summary
Commission response to text adopted in plenary	SP(2016)68	27/01/2016	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Regulation 2015/2423
OJ L 341 24.12.2015, p. 0018 Summary

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.

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

2014/0197(COD) - 24/03/2015 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Internationl Trade adopted the report by Goffredo Maria BETTINI (S&D, IT) on the proposal for a regulation 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 (BiH).

The parliamentary committee recommended that the European Parliament adopts its position at first reading, following the ordinary legislative procedure, amending the Commission proposal as follows.

Delegated acts: in order to assure a proper democratic oversight of the application of the basic Regulation by the Commission, Members proposed to apply the procedure with delegated acts for the suspension of preferences in case of non-compliance with the condition of effective administrative cooperation in order to prevent fraud, the condition of respect for human rights and the rule of law principles, as well as the condition of engaging in effective economic reforms and in regional cooperation.

Furthermore, the report introduced to the basic Regulation a recital explaining the use of delegated acts.

Adaptation of the Interim Agreement with the EU: the EU and BiH are urged to strive for an agreement regarding the adaptation of the Interim Agreement with the EU following the accession of Croatia, in order to avoid the suspension of preferences for BiH as of 1 January 2016.

Progress towards accession: Members judged it necessary to take into account the constant progress towards European Union membership by the concerned countries and territories of the Western Balkans, **as well the Union's unequivocal commitment to BiH's EU perspective**, as set out in the conclusions of the Foreign Affairs Council of 15 December 2014.

A new recital stressed that the European Union expects the political leadership of the country to pursue reforms aimed at promoting functional institutions as well as ensuring equal rights for the three constituent peoples and all citizens of BiH.

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

2014/0197(COD) - 30/04/2015 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted some **amendments** on the proposal for a regulation 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 (BiH).

The matter was referred for review to the competent Committee. The vote was postponed to a later meeting.

The amendments adopted in plenary focus on the following points:

Delegated acts: in order to assure a proper democratic oversight of the application of the basic Regulation by the Commission, Parliament proposed to apply the procedure with delegated acts in relation to:

- necessary amendments and technical adjustments to Annexes I and II following amendments to CN codes and to the TARIC subdivisions;
- in respect of necessary adjustments following the granting of trade preferences under other arrangements between the Union and the countries and territories covered by this Regulation;
- the **suspension of benefits** in the event of non-compliance with the condition of effective administrative cooperation in order to prevent fraud, the condition of respect for human rights and the rule of law principles as well as the condition of engaging in effective economic reforms and in regional cooperation.

Furthermore, Parliament introduced to the basic Regulation a recital explaining the use of delegated acts.

Adaptation of the Interim Agreement with the EU: following the accession of Croatia, the authorities of BiH and the Commission were urged to strive for an agreement, in particular, as regards cross-border exchanges, before 1 January 2016, and in accordance with the Interim Agreement.

Progress towards accession: Members judged it necessary to take into account the constant progress towards European Union membership by the concerned countries and territories of the Western Balkans, **as well the Union's unequivocal commitment to BiH's EU perspective**, as set out in the conclusions of the Foreign Affairs Council of 15 December 2014.

A new recital stressed that the European Union expects the political leadership of the country to pursue reforms aimed at promoting functional institutions as well as ensuring equal rights for the three constituent peoples and all citizens of BiH.

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

2014/0197(COD) - 26/06/2014 - Legislative proposal

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.

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.

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. Regulation (EC) No 1215/2009 applies **until 31 December 2015**.

Bosnia and Herzegovina: since the launch of the Stabilisation and Association Process, Stabilisation and Association Agreements have been concluded between the Union and all concerned Western Balkan countries, with the exception of Bosnia and Herzegovina and Kosovo. Bosnia and Herzegovina was recognised as a potential candidate country for EU accession in 2003 and signed a Stabilisation and Association Agreement in 2008, agreeing to the EU’s conditions for membership. Since then, an Interim Agreement on trade and trade-related matters with Bosnia and Herzegovina applies, pending the finalisation of the ratification process of the Stabilisation and Association Agreement.

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, it is suggested 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 European 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.

Consequences of the enlargement of the EU to Croatia: Bosnia and Herzegovina have not yet accepted to adapt trade concessions granted under the Interim Agreement in order to take into account the preferential traditional trade between Croatia and Bosnia and Herzegovina under the Central European Free Trade Agreement (CEFTA). In case Bosnia and Herzegovina and the European Union do not find an agreement on the adaptation of trade concessions, preferences granted to Bosnia and Herzegovina under Regulation (EC) No 1215/2009 should be suspended as of 1 January 2016. Once Bosnia and

Herzegovina and the European Union have signed and applied provisionally an agreement on the adaptation of trade concessions in the Interim Agreement, these preferences will be reestablished.

Human Rights: Regulation (EC) No 1215/2009 does not provide any possibility to temporarily suspend 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. It is appropriate to introduce such possibility, so as to ensure that swift action can be taken in case serious and systematic violations of the fundamental principles of human rights, democracy and the rule of law would occur in one of the countries and territories participating in or linked to the European Union's Stabilisation and Association process.

Wine originating in Montenegro: lastly, a technical adjustment regarding Montenegro's access to the additional global quota for wine imports is included.

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

2014/0197(COD) - 15/12/2015 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 534 votes to 128, with 36 abstentions, a legislative resolution on the proposal for a regulation 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.

The matter was referred back the committee responsible at its 30 April 2015 plenary session.

The European Parliament’s position, adopted at first reading under the ordinary legislative procedure, amended the Commission proposal as follows:

Conditions for entitlement to the preferential arrangements: the amended text stipulates 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 by a country or territory with point (a), (b) or (c) of paragraph 1 or with paragraph 2, 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 this Regulation. Those implementing acts shall be adopted in accordance with the examination procedure.

Temporary suspension: where the Commission **finds that there is sufficient evidence of fraud or failure** to provide administrative cooperation as required for the verification of evidence of origin, or that there is a massive increase in exports into the Union above the level of normal production and export capacity, or a failure of compliance with the provisions of point (a), (b) or (c) of Article 2(1) by the countries and territories referred to the Regulation, it may take measures to **suspend in whole or in part the arrangements provided for in this Regulation for a period of three months**, provided that it has first: (i) informed the Committee; (ii) called on the Member States to take such precautionary measures as are necessary in order to safeguard the Community’s financial interests and/or to secure compliance by the beneficiary countries and territories; (iii) published a notice in the Official Journal of the European Union stating that there are grounds for reasonable doubts about the application of the preferential arrangements.

Wine originating in Montenegro: in annex I, it is stipulated that access for wine originating in Montenegro to the global tariff quota, insofar as it concerns products of CN code 2204 21, is subject to the prior exhaustion of the individual tariff quota provided for in the Protocol on wine concluded with Montenegro. That individual tariff quota is opened under order No 09.1514.

The Regulation shall **apply from 1 January 2016**.

In an **annex to the legislative resolution**, the Council agreed, on an exceptional basis, to delegate to the Commission the power to adopt a **delegated act** on suspension of assistance on the grounds relating to conditions for entitlement to the preferential arrangements, so as to ensure a timely adoption of the measures in relation to the Western Balkans. Such agreement is without prejudice to future legislative proposals in the area of trade, as well as the area of external relations as a whole.