



EUROPEAN
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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**amending Council Regulation (EC) No 55/2008 introducing autonomous trade
preferences for the Republic of Moldova**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The European Union (hereinafter "the EU") has finalised the negotiations with the Republic of Moldova (hereinafter "Moldova") on the Association Agreement, including the establishment of a deep and comprehensive free trade area (DCFTA) in June 2013. In the framework of those negotiations, Moldova has adopted an ambitious agenda for political association and further economic integration with the EU. It has also made strong progress on regulatory approximation leading to convergence with EU laws and standards.

In the framework of these negotiations, the Parties have proposed to fully liberalise the bilateral trade in wine.

Recently Moldova is experiencing difficulties with its wine exports to some of its traditional markets, which threaten its economic recovery and the reform process that is vigorously pursued by the Moldovan government. The agricultural sector represents around 40 per cent of Moldova's economy and the wine sector is an important part of it, providing employment to some 300,000 people (one fourth of the working population), who are mainly living in rural areas and cultivating medium to smaller family plots.

Taking into consideration the above the European Commission proposes to fully liberalise import of wine from Moldova into the EU without delay by amending Council Regulation (EC) 55/2008¹ and removing wine from Table 1 of Annex I thereof.

Currently the WTO waiver for the tariff preferences granted to Moldova does not cover the additional preferences for wine envisaged by the proposed regulation. Moreover, the waiver will expire on 31 December 2013. Accordingly, the EU should request pursuant to paragraph 3 of Article IX of the WTO Agreement the necessary extension and amendment of the scope of the existing waiver of its obligations under Article I and Article XIII of the GATT 1994 to the extent necessary to permit the EU to afford duty-free preferential treatment to wine originating in Moldova, without being required to extend the same duty-free treatment to like products of any other WTO Member. A Commission proposal to request the extension of the waiver is already pending before the Council.

2. LEGAL BASIS OF THE PROPOSAL

The legal basis for the proposal is Article 207(2) of the Treaty on the Functioning of the European Union.

3. BUDGETARY IMPLICATIONS

The proposed Regulation does not incur costs charged to the EU budget. As the general level of wine imports from Moldova is merely 0,6% of all EU wine imports further market opening is not expected to create negative effects for the EU.

¹ Council Regulation (EC) No 55/2008 of 21 January 2008 introducing autonomous trade preferences for the Republic of Moldova and amending Regulation (EC) No 980/2005 and Commission Decision 2005/924/EC (OJ L 20, 24.1.2008, p. 1.)

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amending Council Regulation (EC) No 55/2008 introducing autonomous trade preferences for the Republic of Moldova

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Council Regulation (EC) No 55/2008² established a specific scheme of autonomous trade preferences (ATPs) for the Republic of Moldova (hereinafter "Moldova"). That scheme gives all products originating in Moldova free access to the Union market, except for certain agricultural products listed in Annex I to that Regulation for which limited concessions have been granted either in the form of exemption from customs duties within the limit of tariff quotas or of reduction of customs duties.
- (2) In the framework of the European Neighbourhood Policy (ENP), the EU-Moldova ENP Action Plan, and the Eastern Partnership, Moldova has adopted an ambitious agenda for political association and further economic integration with the Union. Moldova has also already made strong progress on regulatory approximation leading to convergence with Union laws and standards.
- (3) Negotiations on a new Association Agreement, including the establishment of a deep and comprehensive free trade area (DCFTA) between the Union and Moldova started in January 2010 and were finalised in July 2013. This Agreement provides for the full liberalisation of the bilateral trade in wine.
- (4) In order to support the efforts of Moldova in accordance with the ENP and the Eastern Partnership, and to provide an attractive and reliable market for its wine exports the import of wine from Moldova into the Union should be liberalised without delay.
- (5) Regulation (EC) No 55/2008 should therefore be amended accordingly,

² Council Regulation (EC) No 55/2008 of 21 January 2008 introducing autonomous trade preferences for the Republic of Moldova and amending Regulation (EC) No 980/2005 and Commission Decision 2005/924/EC (OJ L 20, 24.1.2008, p. 1).

HAVE ADOPTED THIS REGULATION:

Article 1

In the table in point 1 of Annex I to Regulation (EC) No 55/2008, the last row concerning order No 09.0514 "Wine of fresh grapes other than sparkling wine" is deleted.

Article 2

This Regulation shall enter into force on the seventh day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament
the President*

*For the Council
the President*

FINANCIAL STATEMENT			FinancSt/2013 JE/nh/3263078-Rev1 6.0.2013.1	
			DATE: 18/09/2013	
1. BUDGET HEADING: Chapter 12 – Customs duties and other duties			APPROPRIATIONS: Amending Budget 1/2013: EUR 18 654.2 million	
2. TITLE: Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 55/2008 introducing autonomous trade preferences for the Republic of Moldova.				
3. LEGAL BASIS: Treaty on the Functioning of the European Union, in particular Article 207(2).				
4. AIMS: To fully liberalise import of wine from Moldova into the EU.				
5. FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2013 (EUR million)	FOLLOWING FINANCIAL YEAR 2014 (EUR million)	
5.0 EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) - NATIONAL AUTHORITIES - OTHER	-	-	-	
5.1 REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL	-	-	-	
	2015	2016	2017	2018
5.0.1 ESTIMATED EXPENDITURE	-	-	-	-
5.1.1 ESTIMATED REVENUE	-	-	-	-
5.2 METHOD OF CALCULATION: -				
6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?			YES NO	
6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?			YES NO	
6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY?			YES NO	
6.3 WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?			YES NO	
OBSERVATIONS : Imports from Moldova in recent years have not attained the annual duty free tariff quota quantities. Lifting the annual duty free tariff quota for imports of wine from Moldova is considered to have no budgetary implications.				