

COUNCIL OF THE EUROPEAN UNION Brussels, 18 September 2012

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#### **INFORMATION NOTE**

from:	General Secretariat
to:	Permanent Representatives Committee/Council
Subject:	Proposal for a regulation of the European Parliament and of the Council
	implementing the bilateral safeguard clause and the stabilisation mechanism for
	bananas of the Trade Agreement between the European Union and Colombia and
	Peru
	- Outcome of the European Parliament's first reading
	(Strasbourg, 10 to 13 September 2012)

# I. INTRODUCTION

The Rapporteur, Mr Bernd LANGE (S&D - DE), presented a report consisting of 31 amendments to the proposal for a Regulation, on behalf of the Committee on International Trade. In addition, the EUL/NGL political group tabled four amendments (amendments 32-35).

# II. DEBATE

The debate, which took place on 12 September 2012, was a joint debate which covered two Ordinary Legislative Procedure proposals:

- the proposal for a Regulation of the European Parliament and of the Council implementing the bilateral safeguard clause and the stabilisation mechanism for bananas of the Trade Agreement between the European Union and Colombia and Peru [2011/0262 (COD) / Rapporteur: Mr Bernd LANGE (S&D DE)] see section III below for the voting results; and
- the proposal for a Regulation of the European Parliament and of the Council implementing the bilateral safeguard clause and the stabilisation mechanism for bananas of the Agreement establishing an Association between the European Union and its Member States on the one hand, and Central America on the other [2011/0263 (COD) / Rapporteur: Mr Jörg LEICHTFRIED (S&D AT)] see doc. 13672/12 for the voting results.

Mr LANGE stressed the need to ensure that any safety nets should be practicable and in this regard made five points:

- social standards must be guaranteed and dumping must be prevented;
- the Lisbon treaty and Parliament's prerogatives are closely linked;
- transparency requires the involvement of civil society;
- article 11 of the Korean agreement should also be included in the Colombia and Peru agreements; and
- the interests of banana producers in the EU should be safeguarded.

# Mr LEICHTFRIED:

- argued that the safeguard clause and trade policy as a whole should be driven not just by trade interests alone, but also by other concerns such as human rights, social standards and the environment; and
- called for the plenary to confirm the agreement reached on the safeguard clause.

Commissioner DE GUCHT:

- recalled the trade benefits which will be derived from the agreements with Colombia and Peru, and with Central America;
- emphasised the fact that these agreements will also boost human rights, labour rights, environmental protection and sustainable development;
- stated that the Regulations were intended to provide a safety net for the EU's industry in case tariff liberalisation should result in an injurious surge of imports. The Commission welcomed the Rapporteurs' endeavour to follow the Korean model as closely as possible; and
- argued that the Parliament's debate on the safeguard regulations should not serve as the basis for reopening questions that have already been addressed, such as the need to make these agreements conditional on respect for human and social rights. The Parliament had already in its June 2012 resolution expressed the political line to follow and the need for Colombia and Peru to present a roadmap on human labour and environmental rights. The Commission had taken due note of this resolution and was actively working with Colombia and Peru on it.

Speaking on behalf of the Committee on Agriculture and Rural Development, Mr Gabriel MATO ADROVER (EPP - ES) expressed his general satisfaction with the agreements in question. Adequate safeguards seem to be in place and the Commission's annual review was to be welcomed.

Speaking on behalf of the EPP political group, Mr Pablo ZALBA BIDEGAIN (EPP - ES) welcomed the agreements and called for them to be adopted as quickly as possible.

Speaking on behalf of the S&D political group, Mr Gianluca SUSTA (S&D - IT) welcomed the agreements and called for them to be adopted as quickly as possible.

Speaking on behalf of the ALDE political group, Mrs Catherine BEARDER (ALDE - UK) stated that her political group would vote against those amendments which would surreptitiously change the banana limits into automatic quotas. The Commission should have the flexibility to decide if a surge in banana imports is harming EU banana producers or if its simply compensating for reduced production in other parts of the world. The Commission should not have carte blanche, however. The roles of civil society and the Parliament should be strengthened so that the views of ordinary citzens will be respected and so that the Commission is closely monitored.

Speaking on behalf of the Greens/EFA political group, Mrs Franziska KELLER (Greens/EFA - DE) called for proper impact assessments which would take into account not only the European Union's economic interests but also human rights in the countries in question.

Speaking on behalf of the EUL/NGL political group, Mr Younous OMARJEE (EUL/NGL - FR) argued that the safeguard clauses were worthless and would not protect producers in the EU's peripheral regions. He regretted the Committee's decision not to approve his amendments to set more binding criteria for the safeguard clauses.

Mrs Josefa ANDRÉS BAREA (S&D - ES) stressed the need to protect producers in the EU's peripheral regions where it is not possible to diversify away from banana monoculture.

Mr Patrice TIROLIEN (S&D - FR):

- argued that the criteria for the trigger mechanisms had been set so high that they would be of little value in practice; and
- noted that the EU's peripheral regions were suffering from very high levels of unemployment.

Commissioner DE GUCHT once more took the floor and:

 stated that Colombia had already presented some preliminary information and that this shows that Colombia is taking the roadmap exercise seriously. Colombia should be able to present a full roadmap proposal by early October. He understood that the Colombian Deputy Foreign Minister was due to meet with Mr Lange to present Colombia's plans;

- stated that the Commission had less information on Peru's actions regarding the roadmap. The Commission is in regular contact with Peru in order to underline the importance of the exercise;
- recalled that the European Union had negotiated specific conditions in order to safeguard the interests of peripheral region producers. These conditions were based on past precedents which had given the producers full reassurance in the past and he trusted that this would be the case this time as well. The special safeguard for the outermost regions would still apply after the transition period has expired i.e. after the banana mechanism has been discontinued;
- stressed the Commission's commitment to upholding the safeguard clause;
- stated that there was no precedent for compensating the outcome of international trade negotiations as far as lost market shares for individual products and farmers are concerned. The Commission had, however, submitted a codecision proposal regarding the Euroepan Globalisation Adjustment Fund;
- stated that the Commission had already examined the consequences of tariff liberalisation comparable to the tariff cuts in the current banana agreement in the context of the reform of the banana common market organisation in 2006. The budgetary allocation to EU banana producers was substantially increased to reflect that. A further increase in support to banana producers would be unsustainable and difficult to justify politically. Banana producers in the EU's peripheral regions are the most supported producers in the whole EU.

Mr LANGE once more took the floor and:

- expressed his concern that the Peruvian government had not yet understood how important the roadmap is for the Parliament; and
- called for a swift conclusion of the safeguard negotiations in order to permit a definitive plenary vote in November.

# III. VOTE

When it voted on 13 September 2012, the plenary adopted 31 amendments to the proposal for a Regulation (amendments 1-31).

Rather than vote on the draft legislative resolution, however, the Parliament decided to refer the matter back to the Committee for reconsideration pursuant to Rule 57(2) of the Parliament's Rules of Procedure.

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# Implementation of the bilateral safeguard clause and the stabilisation mechanism for bananas of the Trade Agreement between the EU and Colombia and Peru \*\*\*I

Amendments adopted by the European Parliament on 13 September 2012 on the proposal for a regulation of the European Parliament and of the Council implementing the bilateral safeguard clause and the stabilisation mechanism for bananas of the Trade Agreement between the European Union and Colombia and Peru  $(COM(2011)0600 - C7-0307/2011 - 2011/0262(COD))^1$ 

(Ordinary legislative procedure: first reading)

Amendment 1

Proposal for a regulation Recital 3 a (new)

Text proposed by the Commission

Amendment

(3a) It is necessary to create appropriate safety mechanisms to prevent serious harm to Union banana growing, a sector which is of great importance to the end agricultural production of many of the outermost regions. The limited ability of these regions to diversify, owing to their natural characteristics, makes the banana sector particularly vulnerable. It is therefore essential to create effective mechanisms to address preferential imports from third countries, in order to guarantee that Union banana production, which is a crucial employment sector especially in the outermost regions, is *maintained under the best possible* conditions.

<sup>&</sup>lt;sup>1</sup> The matter was referred back to the committee responsible for reconsideration pursuant to Rule 57(2), second subparagraph (A7-0249/2012).

#### Proposal for a regulation Recital 4 a (new)

Text proposed by the Commission

#### Amendment

(4a) Close monitoring of banana imports will facilitate any timely decision concerning activation of the stabilisation mechanism for bananas, the launch of an investigation or the imposition of safeguard measures. The Commission should, therefore, step up regular monitoring of imports in the banana sector from the date of application of the Agreement.

#### Amendment 3

## Proposal for a regulation Recital 5

#### Text proposed by the Commission

(5) Safeguard measures should be considered only if the product in question is imported into the Union in such increased quantities, in absolute terms or relative to Union production, and under such conditions as to cause, or threaten to cause, serious injury to Union producers of like or directly competitive products as laid down in Article 48 of the Agreement.

#### Amendment

(5) Safeguard measures should be considered only if the product in question is imported into the Union in such increased quantities, in absolute terms or relative to Union production, and under such conditions as to cause, or threaten to cause, serious injury to Union producers of like or directly competitive products as laid down in Article 48 of the Agreement. Pursuant to Article 349 of the Treaty on the Functioning of the European Union and with regard to the products and economic sectors of the outermost regions, safeguard measures should be introduced as soon as imports into the Union of the product in question cause or threaten to cause injury to producers of like or directly competitive products in the outermost regions of the Union.

#### Proposal for a regulation Recital 5 a (new)

Text proposed by the Commission

#### Amendment

(5a) Serious injury or the threat of serious injury to Union producers may also be caused by the non-fulfilment of specific obligations under Title IX on "Trade and Sustainable Development" of the Agreement – particularly in respect of the social and environmental standards laid down therein.

#### Amendment 5

#### Proposal for a regulation Recital 6

Text proposed by the Commission

(6) Safeguard measures should take one of the forms referred to in Article 50 of the Agreement.

#### Amendment

(6) Safeguard measures should take one of the forms referred to in Article 50 of the Agreement. Specific safeguard measures should be provided for when there is a threat to the products or economic sectors of the outermost regions, pursuant to Article 349 of the Treaty on the Functioning of the European Union.

#### Amendment 6

#### Proposal for a regulation Recital 7 a (new)

Text proposed by the Commission

#### Amendment

(7a) The Commission should submit a report once a year on the implementation of the Agreement and the application of the safeguard measures and the banana stabilisation mechanism, which should include up-to-date and reliable statistics on imports from Colombia and Peru and an assessment of their impact on market prices, employment, working conditions in the Union and the evolution of the Union's production sector, paying special

attention to small-size producers and cooperatives. The Commission should do its utmost to include an analysis of the impact of the Agreement and this Regulation on organic production and consumption in the Union and Fair-Trade flows between all parties to the Agreement.

#### Amendment 7 Proposal for a regulation Recital 7 b (new)

Text proposed by the Commission

#### Amendment

(7b) The extraordinary challenges in Colombia and Peru as regards human, social, labour and environmental rights in connection with products from Colombia and Peru demand a close dialogue between the Commission and EU civil society organisations.

## Amendment 8 Proposal for a regulation Recital 8

#### Text proposed by the Commission

(8) There should be detailed provisions on the initiation of proceedings. The Commission should receive information including available evidence from the Member States of any trends in imports which might call for the application of safeguard measures.

#### Amendment

(8) There should be detailed provisions on the initiation of proceedings. The Commission should receive information including available evidence from the Member States *and interested parties and request from the sectors involved, information* of any trends in imports which might call for the application of safeguard measures.

Amendment 9 Proposal for a regulation Recital 8 a (new)

Text proposed by the Commission

#### Amendment

(8a) In the event that the European Parliament adopts a recommendation to initiate a safeguard investigation, the Commission will carefully examine whether the conditions under the

Regulation for ex-officio initiation are fulfilled. In the event that the Commission considers that the conditions are not fulfilled, it will present a report to the responsible committee of the European Parliament including an explanation of all the factors relevant to the initiation of such an investigation.

Amendment 10

#### Proposal for a regulation Recital 10 a (new)

Text proposed by the Commission

#### Amendment

(10a) The tasks of following up and reviewing the Agreement and, if necessary, imposing safeguard measures should be carried out in the most transparent manner possible and with the involvement of civil society. To that end, Union labour and environment or sustainable development committees need to be included at every stage of the process.

Amendment 11

Proposal for a regulation Recital 10 b (new)

Text proposed by the Commission

#### Amendment

(10b) In some cases, an increase of imports concentrated in one or several of the Union's outermost regions may cause or threaten to cause serious deterioration in their economic situation. In the event that there is an increase of imports concentrated in one or several of the Union's outermost regions, the Commission may introduce prior surveillance measures.

Amendment 12

**Proposal for a regulation** 

## **Recital 14**

#### Text proposed by the Commission

(14) Safeguard measures should be applied only to the extent, and for such time, as may be necessary to prevent serious injury and to facilitate adjustment. The maximum duration of safeguard measures should be determined and specific provisions regarding extension and review of such measures should be laid down, as referred to in Article 52 of the Agreement.

#### Amendment

(14) Safeguard measures should be applied only to the extent, and for such time, as may be necessary to prevent serious injury and to facilitate adjustment. The maximum duration of safeguard measures should be determined and specific provisions regarding extension and review of such measures should be laid down, as referred to in Article 52 of the Agreement. Specific provisions should apply with regard to safeguard measures triggered to protect produce and economic sectors in the outermost regions, in accordance with Article 349 of the Treaty on the Functioning of the European Union.

Amendment 13

Proposal for a regulation Recital 14 a (new)

Text proposed by the Commission

#### Amendment

(14a) Close monitoring should facilitate any timely decision concerning the possible initiation of an investigation or the imposition of measures. Therefore the Commission should regularly monitor imports and exports in sensitive sectors, such as bananas, from the date of application of the Agreement.

Amendment 14

Proposal for a regulation Recital 14 b (new)

Text proposed by the Commission

#### Amendment

(14b) The importance of complying with the international labour standards drawn up and supervised by the International Labour Organisation should be stressed. Defending decent work for all should be an absolute priority and bananas imported from Colombia or Peru should be produced under decent social and

environmental conditions and for a fair wage to ensure that Union producers are not the victims of dumping, a disadvantage they would not be in a position to compensate for and which would permanently damage their competitiveness in the global banana market.

Amendment 15

## Proposal for a regulation Recital 16 a (new)

Text proposed by the Commission

#### Amendment

(16a) The Commission should make diligent and effective use of the Stabilisation Mechanism for Bananas in order to avoid a threat of serious deterioration or a serious deterioration for producers in the outermost regions in the Union and, from January 2020, use existing instruments such as the safeguard clause or, if necessary, think about developing new instruments which, in the event of serious market disruption, will make it possible to preserve the competitiveness of production sectors in the Union and particularly in the outermost regions.

#### Amendment 16

Proposal for a regulation Article 1 – point e a (new)

Text proposed by the Commission

# Amendment

(ea) "serious deterioration" means significant disturbances in a sector or industry; "threat of serious deterioration" means significant disturbances that are clearly imminent.

Amendment 17

Proposal for a regulation Article 2 a (new) Text proposed by the Commission

Amendment

Article 2a

# Monitoring

1. The Commission shall monitor the evolution of import and export statistics of Colombian and Peruvian products, in particular in sensitive sectors including bananas. For this purpose, it shall cooperate and exchange data on a regular basis with Member States and the Union industry and all interested parties.

2. Upon a duly justified request by the industries concerned, the Commission may consider extending the scope of the monitoring to other sectors.

3. The Commission shall present an annual monitoring report to the European Parliament and the Council on updated statistics on imports from Colombia and Peru of products in the sensitive sectors and those sectors to which monitoring has been extended, including bananas.

4. In its monitoring report, the Commission shall do its utmost to include the employment rates and working conditions for banana producers in Colombia and Peru in order to avoid all forms of dumping.

Amendment 18

**Proposal for a regulation Article 2 b (new)** 

Text proposed by the Commission

Amendment

Article 2b

Dialogue on the implementation and impact of the Agreement

The Commission shall establish a systematic dialogue with civil society organisations as regards the implementation and impact of the Agreement.

# Proposal for a regulation Article 3 – paragraph 1

#### Text proposed by the Commission

1. An investigation shall be initiated upon request by a Member State, by any legal person or any association not having legal personality, acting on behalf of the Union industry, or on the Commission's own initiative if it is apparent to the Commission that there is sufficient prima facie evidence, as determined on the basis of factors referred to in Article 4(5), to justify such initiation.

#### Amendment 20

#### Proposal for a regulation Article 3 – paragraph 3

#### Text proposed by the Commission

3. An investigation may also be initiated in the event that there is a surge of imports concentrated in one or several Member States, provided that there is sufficient prima facie evidence that the conditions for initiation are met, as determined on the basis of factors referred to in Article 4(5).

#### Amendment 21

#### Proposal for a regulation Article 4 – paragraph 5

#### Text proposed by the Commission

5. In the investigation, the Commission shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of the Union industry, in particular, the rate and amount of the increase in imports of the product concerned in absolute and relative terms, the share of the domestic market taken by increased imports and changes in the level of sales, production, productivity, capacity

#### Amendment

1. An investigation shall be initiated upon request by a Member State, by any legal person or any association not having legal personality, acting on behalf of the Union industry, **by the European Parliament** or on the Commission's own initiative if it is apparent to the Commission that there is sufficient prima facie evidence, as determined on the basis of factors referred to in Article 4(5), to justify such initiation.

#### Amendment

3. An investigation may also be initiated in the event that there is a surge of imports concentrated in one or several Member States *or outermost regions*, provided that there is sufficient prima facie evidence that the conditions for initiation are met, as determined on the basis of factors referred to in Article 4(5).

#### Amendment

5. In the investigation, the Commission shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of the Union industry, in particular, the rate and amount of the increase in imports of the product concerned in absolute and relative terms, the share of the domestic market taken by increased imports and changes in the level of sales, production, productivity, capacity utilisation, profits and losses, and employment. This list is not exhaustive and other relevant factors may also be taken into consideration by the Commission for its determination of the existence of serious injury or threat of serious injury, such as stocks, prices, return on capital employed, cash flow, and other factors which are causing or may have caused serious injury, or threaten to cause serious injury to the Union industry.

#### Amendment 22

#### Proposal for a regulation Article 4 – paragraph 5 a (new)

Text proposed by the Commission

utilisation, profits and losses, and employment *and working conditions*. This list is not exhaustive and other relevant factors may also be taken into consideration by the Commission for its determination of the existence of serious injury or threat of serious injury, such as stocks, prices, return on capital employed, cash flow, *effects on employment* and other factors which are causing or may have caused serious injury, or threaten to cause serious injury to the Union industry.

# Amendment

5a. Moreover, in the investigation, the Commission shall evaluate, the observance by Colombia and Peru of the social and environmental standards laid down in Title IX of the Agreement and any consequences on prices or unfair competitive advantages potentially leading to serious injury or the threat of serious injury to producers or specific sectors of the economy in the Union.

#### Amendment 23

#### **Proposal for a regulation Article 9 – paragraph 4**

#### Text proposed by the Commission

4. Any extension pursuant to paragraph 3 shall be preceded by an investigation upon a request by a Member State, by any legal person or any association not having legal personality, acting on behalf of the Union industry, or on the Commission's own initiative if there is sufficient prima facie evidence that the conditions laid down in paragraph 3 are met, on the basis of factors referred to in Article 4(5).

#### Amendment

4. Any extension pursuant to paragraph 3 shall be preceded by an investigation upon a request by a Member State, by any legal person or any association not having legal personality, acting on behalf of the Union industry, *by the European Parliament* or on the Commission's own initiative if there is sufficient prima facie evidence that the conditions laid down in paragraph 3 are met, on the basis of factors referred to in Article 4(5).

#### **Proposal for a regulation Article 11 a (new)**

Text proposed by the Commission

#### Amendment

#### Article 11a

## Report

1. The Commission shall present an annual report on the application and implementation of the Agreement and of this Regulation to the European Parliament. The report shall include information about the application of provisional and definitive measures, prior surveillance measures, regional surveillance and safeguard measures, the termination of investigations without measures, and the activities of the various bodies responsible for monitoring the implementation of the Agreement and fulfilment of the obligations arising therefrom, including information received from interested parties.

2. The report shall include up-to- date statistics on banana imports from Colombia and Peru and their direct and indirect impact on the development of employment and working conditions in the Union production sector.

3. Special sections of the report shall assess the fulfilment of obligations under Title IX of the Agreement, and action taken in that respect by Colombia and Peru under their internal mechanisms and the results of the dialogue with civil society organisations as laid down in Article 282 of the Agreement.

4. The report shall also present a summary of the statistics and the evolution of trade with Colombia and Peru.

5. The European Parliament may, within one month from the Commission presenting the report, invite the Commission to an ad hoc meeting of its responsible committee to present and

Proposal for a regulation Article 12 – paragraph 4 a (new)

Text proposed by the Commission

#### Amendment

4a. Where the opinion of the committee is to be obtained by written procedure, that procedure shall be terminated without result when, within the time-limit for delivery of the opinion, the chair of the committee so decides or a majority of committee members so request.

Amendment 26

Proposal for a regulation Article 12 a (new)

Text proposed by the Commission

Amendment

# CHAPTER I A

Article 12a

The applicable provision for the purposes of adopting the necessary implementing rules for the application of the rules contained in Appendix 2A of the Annex II to the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part "Concerning the Concept of 'Originating Products' and Methods of Administrative Co-operation" and Appendix 2 of Annex I "Elimination of customs duties" of the Agreement is Article 247a of Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code.

#### Proposal for a regulation Article 13 – paragraph 1 a (new)

Text proposed by the Commission

#### Amendment

1a. The application of the stabilisation mechanism for bananas shall under no circumstances prevent the activation of measures included in the bilateral safeguard clause.

#### Amendment 28

# Proposal for a regulation Article 13 – paragraph 2

#### Text proposed by the Commission

2. A separate annual trigger import volume is set for imports of products mentioned in paragraph 1, as indicated in the third and fourth columns of the table in the Annex to this Regulation. Once the trigger volume for either Colombia or Peru is met during the corresponding calendar year, the Commission *may*, in accordance with the examination procedure referred to in Article 12(3), temporarily suspend the preferential customs duty applied to products of the corresponding origin during that same year for a period of time not exceeding three months, and not going beyond the end of the calendar year.

#### Amendment

2. A separate annual trigger import volume is set for imports of products mentioned in paragraph 1, as indicated in the third and fourth columns of the table in the Annex to this Regulation. Once the trigger volume for either Colombia or Peru is met during the corresponding calendar year, the Commission *shall*, in accordance with the examination procedure referred to in Article 12(3), temporarily suspend the preferential customs duty applied to products of the corresponding origin during that same year for a period of time not exceeding three months, and not going beyond the end of the calendar year. **Only** reasons of force majeure shall prevent the suspension from being imposed.

# Amendment 29

Proposal for a regulation Article 13 – paragraph 5 a (new)

Text proposed by the Commission

#### Amendment

5a. The Commission shall closely monitor the evolution of statistics for banana imports from Colombia and Peru. For this purpose, the Commission shall cooperate and exchange information on a regular basis with the Member States and

# interested parties.

Upon a duly reasoned request from a Member State, the Union industry, the European Parliament or any interested party, the Commission shall pay particular attention to any noticeable increase in banana imports from Colombia and Peru and, if appropriate under the terms of Article 5, shall introduce prior surveillance measures.

Amendment 30

Proposal for a regulation Article 13 – paragraph 5 b (new)

Text proposed by the Commission

#### Amendment

5b. Prior surveillance measures shall be adopted by the Commission in accordance with the advisory procedure referred to in Article 12(2) when the trigger volume for the mechanism is reached during the corresponding calendar year.

Amendment 31

# Proposal for a regulation Article 13 – paragraph 5 c (new)

Text proposed by the Commission

#### Amendment

5c. The European Parliament may invite the Commission, within one month of the publication of the latter's report, to an ad hoc meeting of its responsible committee to present and explain any issues related to the implementation of the Agreement which affect the banana sector.