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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	17 October 2017
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2017) 596 final
Subject:	Proposal for a COUNCIL DECISION on the signing, on behalf of the European Union, of an agreement in the form of an exchange of letters between the European Union and the Kingdom of Norway concerning additional trade preferences in agricultural products

Delegations will find attached document COM(2017) 596 final.

Encl.: COM(2017) 596 final



Brussels, 17.10.2017
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Proposal for a

COUNCIL DECISION

on the signing, on behalf of the European Union, of an agreement in the form of an exchange of letters between the European Union and the Kingdom of Norway concerning additional trade preferences in agricultural products

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

- **Reasons for and objectives of the proposal**

The EU and Norway are signatories to the Agreement on the European Economic Area (EEA Agreement) which provides for the free movement of goods, with the exception of agricultural and fisheries products. As regards agriculture, Article 19 of the EEA Agreement provides that the Parties will carry out, every two years, review of the conditions of trade in agricultural products and decide on a reciprocal and mutually beneficial basis on the further reduction of any type of barriers to trade in the agricultural sector.

The negotiations were conducted from 3 February 2015 to 5 April 2017. The agreement was initialled by the Parties on 5 April 2017 and provides for further trade preferences for trade in agricultural products, including additional fully liberalised tariff lines. For more sensitive products such as meat, dairy, vegetables and ornamental plants, additional or new tariff quotas have been agreed upon.

The intention of both Parties is that this Agreement enters into force on the third month following the date of the deposit of the last instrument of approval.

- **Consistency with existing policy provisions in the policy area**

The previous agreement took the form of an exchange of letters liberalising trade in agricultural products between Norway and the European Union, based on Article 19 of the EEA Agreement. The previous agreement was signed on 15 April 2011. It provided for mutual tariff rate quotas and reductions in duty. It also included an undertaking by the Parties to resume bilateral negotiations under Article 19 of the EEA Agreement in two years' time.

The 2011 EU-Norway bilateral agricultural trade agreement increased the duty-free access of EU agricultural products to the Norwegian market to around 60 % of trade. These figures demonstrate that there was ample room for further trade concessions. Therefore, the latest round of negotiations aimed at:

- increasing the degree of liberalisation on both sides;
- increasing the current tariff rate quotas; and
- opening new tariff rate quotas for additional agricultural products
- addressing certain pending trade irritants.

- **Consistency with other EU policies**

The deepening of trade relations with Norway fits into the overall context of EU trade policy and is beneficial for the EU since the EU is a net exporter of basic agricultural products to

Norway. The 2016 trade balance was vastly in favour of the EU, with the EU exports reaching EUR 2.495 million against EUR 307 million EUR imports from Norway. The main products exported by the EU are wines and vinegar, animal feed, soya and colza oil, live plants and cheese. Imports into the EU from Norway are mainly soybean, animal and vegetable oils and their residues, fur skins and undenatured ethyl alcohol.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

In November 2014 the Council authorised the Commission to launch a new round of negotiations with Norway to achieve additional preferences for trade in agricultural goods under Article 19 of the EEA Agreement.

3. BUDGETARY IMPLICATIONS

This agreement will have no impact on the expenditure side of the EU budget. The new concessions granted on imports from Norway will likely result in a reduction of own resources through a lower collection of customs duties.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the first subparagraph of Article 207(4), in conjunction with Article 218(5) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) Article 19 of the Agreement on the European Economic Area ('the EEA Agreement') provides that the contracting Parties undertake to continue their efforts to achieve progressive liberalisation of trade in agricultural products.
- (2) On 18 November 2014, the Council authorised the Commission to open negotiations with Norway with a view to achieving greater liberalisation of bilateral trade in agricultural products under Article 19 of the EEA Agreement. The negotiations were successfully concluded on 5 April 2017 and an Agreement in the form of an exchange of letters between the European Union and the Kingdom of Norway concerning additional trade preferences in agricultural products was initialled.
- (3) Therefore, the Agreement should be signed on behalf of the Union, subject to its conclusion at a later date,

HAS ADOPTED THIS DECISION:

Article 1

The signing on behalf of the Union of the Agreement in the form of an exchange of letters between the European Union and the Kingdom of Norway concerning additional trade preferences in agricultural products is hereby authorised, subject to the conclusion of the said Agreement.¹

¹ The text of the Agreement will be published in the Official Journal together with the decision on its conclusion.

Article 2

The Council Secretariat General shall establish the instrument of full powers to sign the Agreement, subject to its conclusion, for the person(s) indicated by the negotiator of the Agreement.

Article 3

This Decision shall enter into force on the date of its adoption.

Done at Brussels,

*For the Council
The President*