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INFORMATION NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Proposal for a Regulation of the European Parliament and of the Council on the tariff treatment for goods originating from Ecuador - Outcome of the European Parliament's first reading (Strasbourg, 15 to 18 December 2014)

I. INTRODUCTION

In accordance with the provisions of Article 294 of the TFEU and the joint declaration on practical arrangements for the codecision procedure ¹, a number of informal contacts have taken place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this dossier at first reading, thereby avoiding the need for second reading and conciliation.

In this context, the rapporteur, Mr Helmut SCHOLZ (GUE-NGL, DE), presented a draft report to the Committee on International Trade, proposing to take over the proposal of the Commission. That proposal corresponds to the agreement found in the informal contacts referred to above.

No amendments were tabled for the plenary.

¹ OJ C 145, 30.6.2007, p.5

II. VOTE

When it voted on 17 December 2014, the plenary adopted the Parliament's first reading position, taking over the Commission's proposal.

The Parliament's position reflects what had been previously agreed between the institutions. The Council should therefore be in a position to approve the Parliament's position.

The act would then be adopted in the wording which corresponds to the Parliament's position.

The text adopted and the European Parliament's legislative resolution are set out in the Annex hereto.

Tariff treatment for goods originating from Ecuador *I**

European Parliament legislative resolution of 17 December 2014 on the proposal for a regulation of the European Parliament and of the Council on the tariff treatment for goods originating from Ecuador (COM(2014)0585 – C8-0172/2014 – 2014/0287(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2014)0585),
 - having regard to Article 294(2) and Article 207(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0172/2014),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the undertaking given by the Council representative by letter of 10 December 2014 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade (A8-0056/2014),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

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Position of the European Parliament adopted at first reading on 17 December 2014 with a view to the adoption of Regulation (EU) No .../2014 of the European Parliament and of the Council on the tariff treatment for goods originating in Ecuador

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 procedure¹,

¹ Position of the European Parliament of 17 December 2014.

Whereas:

- (1) Article 329 of the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part¹ ('the Agreement') signed on 26 June 2012, provides for the possible accession to the Agreement of other Member Countries of the Andean Community.
- (2) Following the request by Ecuador to restart negotiations with the Union to become a Party to the Agreement, negotiations were conducted between the Union and Ecuador in 2014. As a result of those negotiations, a Protocol of Accession by Ecuador to the Agreement ('the Protocol of Accession') was initialled on ...*.
- (3) Following the initialling of the Protocol of Accession, an interim reciprocal arrangement is necessary for the establishment of a free-trade area with Ecuador in order to avoid unnecessary trade disruption. Therefore, as from 1 January 2015, customs duties applied on the date of initialling of the Protocol of Accession should not be increased nor new customs duties applied to goods originating in Ecuador.
- (4) This Regulation therefore provides for the maintenance of the level of duty rates applicable to goods originating in Ecuador on ...* as from 1 January 2015.

¹ OJ L 354, 21.12.2012, p. 3.

* OJ: Please insert the date of initialling of the Protocol of Accession.

- (5) The tariff treatment provided for under this Regulation is without prejudice to measures taken under Council Regulations (EC) No 260/2009¹, (EC) No 597/2009² or (EC) No 1225/2009³.
- (6) As a condition for the application of the tariff treatment provided for under this Regulation, Ecuador should abstain from introducing new duties or charges having equivalent effect and new quantitative restrictions or measures having equivalent effect for imports from the Union, or from increasing existing levels of duties or charges or from introducing any other restrictions from ...*.
- (7) To ensure that Ecuador maintains its commitment to core international conventions on human and labour rights, environmental protection and good governance, the application of this Regulation should be subject to the continued and effective implementation of those conventions by Ecuador.

¹ Council Regulation (EC) No 260/2009 of 26 February 2009 on the common rules for imports (OJ L 84, 31.3.2009, p. 1).

² Council Regulation (EC) No 597/2009 of 11 June 2009 on protection against subsidised imports from countries not members of the European Community (OJ L 188, 18.7.2009, p.93).

³ Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community (OJ L 343, 22.12.2009, p. 51).

* OJ: Please insert the date of initialling of the Protocol of Accession.

- (8) In order to prevent any risk of fraud, the entitlement to benefit from the tariff treatment provided for under this Regulation should be conditional on compliance by Ecuador with the relevant rules of origin of goods and the procedures related thereto.
- (9) It is necessary to provide for the application of Common Customs Tariff duties with regard to any goods originating in Ecuador which cause, or threaten to cause, serious difficulties to Union producers of like or directly competing products, subject to an investigation by the Commission.
- (10) In the event of failure to comply with any of the conditions laid down in this Regulation, implementing powers should be conferred on the Commission to suspend temporarily, in whole or in part, the tariff treatment provided for herein. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council¹.
- (11) This Regulation should be applied until six months after the entry into force or date of provisional application of the Protocol of Accession, and until 31 December 2016 at the latest,

HAVE ADOPTED THIS REGULATION:

¹ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

Article 1
Definitions

For the purposes of this Regulation:

- (a) 'tariff treatment' means the customs duties and treatment applied to goods originating in Ecuador as provided for by Article 2;
- (b) 'Common Customs Tariff duties' means the duties specified in Part II of Annex I to Council Regulation (EEC) No 2658/87¹, except those duties established as part of tariff quotas;
- (c) 'goods originating in Ecuador' means product(s) that conform(s) to the origin requirements under Title II, Chapter 2 of Council Regulation (EEC) No 2913/92² and, depending on the tariff treatment sought pursuant to Article 2 of this Regulation, Title IV, Chapter 1 or Title IV, Chapter 2, Section 1 of Commission Regulation (EEC) No 2454/93³.

¹ Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1).

² Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code (OJ L 302, 19.10.1992, p. 1).

³ Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code (OJ L 253, 11.10.1993, p. 1).

Article 2
Tariff treatment

1. Customs duties applied to goods originating in Ecuador on ...* shall not be increased and no new customs duties introduced after that date shall be applied to those goods.
2. The tariff treatment provided for in paragraph 1 shall be applied without prejudice to any measures taken under Regulations (EC) No 260/2009, (EC) No 597/2009 or (EC) No 1225/2009.

Article 3
Conditions for entitlement to the tariff treatment

Entitlement to benefit from the tariff treatment set out in Article 2 shall be subject to:

- (a) Ecuador complying with the rules of origin referred to in Article 1(c) and the procedures related thereto, including, as appropriate, the effective administrative cooperation provisions applicable on ...* ;

* OJ: Please insert the date of initialling of the Protocol of Accession.

- (b) Ecuador abstaining from introducing new duties or charges having equivalent effect and new quantitative restrictions or measures having equivalent effect for imports from the Union, or from increasing existing levels of duties or charges or from introducing any other restrictions from ... *;
- (c) maintaining the ratification and ensuring effective implementation on the part of Ecuador of the covenants, conventions and protocols listed in the Annex, and accepting without reservation the reporting requirements, regular monitoring and review of Ecuador's implementation record in accordance with the provisions of the covenants, conventions and protocols it has ratified;
- (d) Ecuador cooperating with the Commission and providing all information necessary to assess Ecuador's compliance with the requirements in point (c);
- (e) Ecuador conducting continuous efforts to sign and ratify the Protocol of Accession.

* OJ: Please insert the date of initialling of the Protocol of Accession.

Article 4

Temporary suspension

Where the Commission finds that there is sufficient evidence of a failure to comply with the conditions set out in Article 3, the Commission may adopt implementing acts in order to suspend the tariff treatment temporarily, in respect of all or certain goods originating in Ecuador. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 6(2).

Article 5

Safeguard clause

Where goods originating in Ecuador are imported in volumes and/or at prices which cause, or threaten to cause, serious difficulties to Union producers of like or directly competing products, the Commission may reintroduce the Common Customs Tariff duties for those goods following the procedural rules laid down in Regulation (EU) No 19/2013 of the European Parliament and of the Council¹, *mutatis mutandis*.

¹ Regulation (EU) No 19/2013 of the European Parliament and of the Council of 15 January 2013 implementing the bilateral safeguard clause and the stabilisation mechanism for bananas of the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part (OJ L 17, 19.1.2013, p. 1).

Article 6
Committee procedure

1. For the implementation of Article 4 of this Regulation, the Commission shall be assisted by the Customs Code Committee established by Article 248a of Regulation (EEC) No 2913/92. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where a reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 7

Entry into force, application and expiry

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

It shall apply from 1 January 2015.

This Regulation shall expire six months after the Protocol of Accession enters into force or is applied provisionally, or on 31 December 2016, whichever occurs first. The Commission shall publish a notice in the *Official Journal of the European Union* in the event that this Regulation ceases to apply before 31 December 2016.

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

Done at ...,

For the European Parliament

For the Council

The President

The President

ANNEX

Covenants, conventions and protocols referred to in Article 3(c)

Core human and labour rights UN/ILO Conventions

1. Convention on the Prevention and Punishment of the Crime of Genocide (1948)
2. International Convention on the Elimination of All Forms of Racial Discrimination (1965)
3. International Covenant on Civil and Political Rights (1966)
4. International Covenant on Economic, Social and Cultural Rights (1966)
5. Convention on the Elimination of All Forms of Discrimination Against Women (1979)
6. Convention Against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment (1984)
7. Convention on the Rights of the Child (1989)
8. Convention concerning Forced or Compulsory Labour, No 29 (1930)

9. Convention concerning Freedom of Association and Protection of the Right to Organise, No 87 (1948)
10. Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No 98 (1949)
11. Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, No 100 (1951)
12. Convention concerning the Abolition of Forced Labour, No 105 (1957)
13. Convention concerning Discrimination in Respect of Employment and Occupation, No 111 (1958)
14. Convention concerning Minimum Age for Admission to Employment, No 138 (1973)
15. Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No 182 (1999)

Conventions related to the environment and to governance principles

16. Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)
 17. Montreal Protocol on Substances that Deplete the Ozone Layer (1987)
 18. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (1989)
 19. Convention on Biological Diversity (1992)
 20. The United Nations Framework Convention on Climate Change (1992)
 21. Cartagena Protocol on Biosafety (2000)
 22. Stockholm Convention on Persistent Organic Pollutants (2001)
 23. Kyoto Protocol to the United Nations Framework Convention on Climate Change (1998)
 24. United Nations Single Convention on Narcotic Drugs (1961)
 25. United Nations Convention on Psychotropic Drugs (1971)
 26. United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
 27. United Nations Convention against Corruption (2004)
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