



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 19.10.2004
COM(2004) 680 final

2004/0246 (ACC)

Proposal for a

COUNCIL DECISION

on the conclusion of an Agreement in the form of an Exchange of Letters between the European Community and the Palestine Liberation Organisation (PLO) for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip concerning reciprocal liberalisation measures and the replacement of Protocols 1 and 2 to the EC-Palestinian Authority Interim Association Agreement

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. Article 14 of the Euro-Mediterranean Interim Association Agreement establishing an association between the European Community, of the one part, and the Palestine Liberation Organisation, acting on the behalf of the Palestinian Authority of the West Bank and the Gaza Strip (hereinafter "the Palestinian Authority"), of the other part (hereinafter "the Interim Association Agreement") in force since 1 July 1997, states that the Community and the Palestinian Authority shall progressively establish a greater liberalisation of their trade in agricultural products of interest to both Parties. It provides that, from 1 January 1999, the Community and the Palestinian Authority shall examine the situation in order to determine the measures to be applied by the Community and the Palestinian Authority from 1 January 2000, in accordance with the objective of greater trade liberalisation in agriculture.
2. The Council has authorised the Commission to start negotiations with Palestinian Authority, with the view to reach the objective of greater liberalisation in agriculture, in conformity with the spirit of the Interim Association Agreement and of the Barcelona Process.
3. Further to negotiations held between the Parties, they agreed to replace the Protocols 1 and 2 of the Interim Association Agreement, with the view to allow greater liberalisation in trade of agricultural products.
4. The objective of this proposal is to ask the Council to approve the replacement of the Protocols 1 and 2 by means of an Agreement in the form of an Exchange of Letters.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133, in conjunction with the first sentence of Article 300(2), thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) Article 14 of the Euro-Mediterranean Interim Association Agreement establishing an association between the European Community, of the one part, and the Palestine Liberation Organisation, acting on the behalf of the Palestinian Authority of the West Bank and the Gaza Strip (hereinafter "the Palestinian Authority"), of the other part¹ (hereinafter "the Interim Association Agreement") in force since 1 July 1997, states that the Community and the Palestinian Authority shall progressively establish a greater liberalisation of their trade in agricultural products of interest to both Parties. It provides that, from 1 January 1999, the Community and the Palestinian Authority are to examine the situation in order to determine the measures to be applied by the Community and the Palestinian Authority from 1 January 2000, in accordance with this objective.
- (2) The Commission has, on behalf of the Community, negotiated an Agreement in the form of an Exchange of Letters with a view to replacing Protocols 1 and 2 to the Interim Association Agreement.
- (3) The Agreement, initialled on ... 2004, should be approved.
- (4) The measures necessary for the implementation of this Decision should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission².

¹ OJ L 187, 16.7.1997, p. 3.

² OJ L 184, 17.7.1999, p. 23.

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement in the form of an Exchange of Letters between the European Community and the Palestinian Authority concerning reciprocal liberalisation measures and the replacement of Protocols 1 and 2 to the Interim Association Agreement between the European Community, of the one part, and the Palestine Liberation Organisation, acting on the behalf of the Palestinian Authority of the West Bank and the Gaza Strip, of the other part, is hereby approved on behalf of the Community.

The text of the Agreement is attached to this Decision.

Article 2

The Commission shall adopt the necessary implementation measures for Protocols 1 and 2 in accordance with the procedure laid down in Article 3.

Article 3

1. The Commission shall be assisted by the committees established by the corresponding provisions of regulations on the common organisation of markets or by the Customs Code Committee established by Article 248bis of Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code³.
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission⁴ shall apply.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at one month.

3. The Committee shall adopt its Rules of Procedure.

Article 4

The President of the Council is hereby authorised to designate the person empowered to sign the Agreement so as to bind the Community.

Done at Brussels,

*For the Council
The President*

³ OJ L 302, 19.10.1992, p. 1. Regulation as last amended by Regulation (EC) No 2700/2000 of the European Parliament and of the Council (OJ L 311, 12.12.2000, p. 17).

⁴ OJ L 184, 17.7.1999, p. 23.

AGREEMENT IN THE FORM OF AN EXCHANGE OF LETTERS

between the European Community and the Palestine Liberation Organisation (PLO) for the benefit of the Palestinian Authority of the West Bank and Gaza Strip concerning reciprocal liberalisation measures and the replacement of Protocols 1 and 2 to the EC-Palestinian Authority Interim Association Agreement

A. Letter from the European Community

Brussels, 2004

Sir,

I have the honour of referring to the negotiations which took place under Article 14 of the Euro-Mediterranean Interim Association Agreement establishing an association between the European Community, of the one part, and the Palestine Liberation Organisation, acting on the behalf of the Palestinian Authority of the West Bank and the Gaza Strip (hereinafter "the Palestinian Authority"), of the other part (hereinafter "the Interim Association Agreement"), in force since 1 July 1997, which states that the Community and the Palestinian Authority shall progressively establish greater liberalisation of their trade in agricultural products of interest to both parties.

These negotiations were held in accordance with the provisions of Article 14, which stipulates that, from 1 January 1999, the Community and the Palestinian Authority shall examine the situation in order to determine the measures to be applied by the Community and the Palestinian Authority from 1 January 2000 in accordance with the objective of progressive greater liberalisation in agriculture.

On the conclusion of the negotiations, the two Parties agreed to the following:

1. Protocols 1 and 2 to the Interim Association Agreement and their annexes shall be replaced by Protocols 1 and 2 and their annexes appearing in Annex I and II to this Exchange of Letters.
2. The Agreement in the form of an Exchange of Letters between the Community and the Palestinian Authority annexed to the Interim Association Agreement, relating to Protocol 1 and concerning imports into the Community of fresh cut flowers and flower buds falling within subheading 0603 10 of the Common Customs Tariff, is hereby repealed.
3. No later than in 2007, the Community and the Palestinian Authority will assess the situation with a view to determining the liberalisation measures to be applied by the Community and the Palestinian Authority from 1 January 2008, in accordance with the objective laid down in Article 12 of the Interim Association Agreement.

The provisions of this Agreement shall be applicable from 1 January 2005.

I would be grateful if you could confirm the agreement of your Government to the above.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Council of the European Union

B. Letter from the Palestinian Authority

Brussels, 2004

Sir,

I have the honour to acknowledge receipt of your letter of today's date, worded as follows:

"I have the honour of referring to the negotiations which took place under Article 14 of the Euro-Mediterranean Interim Association Agreement establishing an association between the European Community, of the one part, and the Palestine Liberation Organisation, acting on the behalf of the Palestinian Authority of the West Bank and the Gaza Strip (hereinafter "the Palestinian Authority"), of the other part (hereinafter "the Interim Association Agreement"), in force since 1 July 1997, which states that the Community and the Palestinian Authority shall progressively establish greater liberalisation of their trade in agricultural products of interest to both parties.

These negotiations were held in accordance with the provisions of Article 14, which stipulates that, from 1 January 1999, the Community and the Palestinian Authority shall examine the situation in order to determine the measures to be applied by the Community and the Palestinian Authority from 1 January 2000 in accordance with the objective of progressive greater liberalisation in agriculture.

On the conclusion of the negotiations, the two Parties agreed to the following:

1. Protocols 1 and 2 to the Interim Association Agreement and their annexes shall be replaced by Protocols 1 and 2 and their annexes appearing in Annex I and II to this Exchange of Letters.
2. The Agreement in the form of an Exchange of Letters between the Community and the Palestinian Authority annexed to the Interim Association Agreement, relating to Protocol 1 and concerning imports into the Community of fresh cut flowers and flower buds falling within subheading 0603 10 of the Common Customs Tariff, is hereby repealed.
3. No later than in 2007, the Community and the Palestinian Authority will assess the situation with a view to determining the liberalisation measures to be applied by the Community and the Palestinian Authority from 1 January 2008, in accordance with the objective laid down in Article 12 of the Interim Association Agreement.

The provisions of this Agreement shall be applicable from 1 January 2005.

I would be grateful if you could confirm the agreement of your Government to the above."

The Palestinian Authority has the honour of confirming its agreement with the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

For the Palestinian Authority

ANNEX I

PROTOCOL 1

concerning the arrangements applicable to imports into the Community of agricultural products originating in the West Bank and the Gaza Strip

5. The products listed in the Annex, originating in the West Bank and the Gaza Strip shall be admitted for importation into the Community, according to the conditions contained hereafter and in the Annex.
 - (a) Customs duties are eliminated or reduced as indicated in column "a";
 - (b) For certain products, for which the Common Customs Tariff foresees the application of an *ad valorem* duty and a specific duty, the rates of reduction, indicated in columns "a" and "c", only apply to the *ad valorem* duty;
 - (c) For certain products, customs duties are eliminated within the limit of the tariff quotas listed in column "b" for each of them; the tariff quotas shall apply on an annual basis from 1 January to 31 December, unless otherwise specified;
 - (d) For the quantities imported in excess of the quotas, the common customs duties are, according to the product concerned, applied in full or reduced, as indicated in column "c".
6. For certain products, the exemption of customs duties is granted in the framework of reference quantities as indicated in column "d".

Should the volume of imports of one of these products exceed the reference quantity, the Community, having regard to an annual review of trade flows which it shall carry out, may make the product in question subject to a Community tariff quota, the volume of which shall be equal to the reference quantity. In that case, for quantities imported in excess of the quota, the common customs duty is, according to the product concerned, applied in full or reduced as indicated in column "c".
7. For the first year of application, the volumes of the tariff quotas and the reference quantities shall be calculated as a pro rata of the basic volumes, taking into account the part of the period elapsed before the date of entry into force of this agreement.
8. For some products listed in the Annex, the volume of the tariff quota are increased on 1 January 2006 and 1 January 2007, on the basis of the volume indicated in column "e".

Annex to Protocol 1

CN Code ⁽¹⁾	Description ⁽²⁾	Reduction of the MFN customs duty (%) ⁽³⁾	Tariff quota (t, unless otherwise indicated)	Reduction of the MFN customs duty beyond current or possible tariff quota % ⁽³⁾	Reference quantity (t, unless otherwise indicated)	Specific provisions
		a	b	c	d	e
0409 00 00	Natural honey	100	500	0		point 4 – yearly increase of 250 t
ex 0603 10	Cut flowers and flower buds, fresh	100	2 000	0		point 4 – yearly increase of 250 t
0702 00 00	Tomatoes, fresh or chilled, from 1 December to 31 March	100		60	2 000	
ex 0703 10	Onions, fresh or chilled, from 15 February to 15 May	100		60		
0709 30 00	Aubergines (eggplants), fresh or chilled, from 15 January to 30 April	100		60	3 000	
ex 0709 60	Fruits of the genus <i>Capsicum</i> or of the genus <i>Pimenta</i> , fresh or chilled:					
0709 60 10	Sweet peppers	100		40	1 000	
0709 60 99	Other	100		80		
0709 90 70	Courgettes, fresh or chilled, from 1 December to end of February	100		60	300	
ex 0709 90 90	Wild onions of the species <i>Muscari comosum</i> , fresh or chilled, from 15 February to 15 May	100		60		
0710 80 59	Fruits of the genus <i>Capsicum</i> or <i>Pimenta</i> , other than sweet peppers, uncooked or cooked by steaming or boiling in water, frozen	100		80		
0711 90 10	Fruits of the genus <i>Capsicum</i> or <i>Pimenta</i> , other than sweet peppers, provisionally preserved but unsuitable in that state for immediate consumption	100		80		
0712 31 00 0712 32 00 0712 33 00 0712 39 00	Mushrooms, wood ears (<i>Auricularia</i> spp.), jelly fungi (<i>Tremella</i> spp.) and truffles, dried	100	500	0		
ex 0805 10	Oranges, fresh	100		60	25 000	
ex 0805 20	Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids, fresh	100		60	500	

CN Code ⁽¹⁾	Description ⁽²⁾	Reduction of the MFN customs duty (%) ⁽³⁾	Tariff quota (t, unless otherwise indicated)	Reduction of the MFN customs duty beyond current or possible tariff quota % ⁽³⁾	Reference quantity (t, unless otherwise indicated)	Specific provisions
		a	b	c	d	e
0805 40 00	Grapefruit	100		80		
ex 0805 50 10	Lemons (<i>Citrus limon</i> , <i>Citrus limonum</i>), fresh	100		40	800	
0806 10 10	Fresh table grapes, from 1 February to 14 July	100	1 000	0		point 4 – yearly increase of 500 t
0807 19 00	Melons (excluding watermelons), fresh, from 1 November to 31 May	100		50	10 000	
0810 10 00	Fresh strawberries, from 1 November to 31 March	100	2 000	0		point 4 – yearly increase of 500 t
0812 90 20	Oranges, provisionally preserved, but unsuitable in that state for immediate consumption	100		80		
0904 20 30	Fruits of the genus <i>Capsicum</i> or of the genus <i>Pimenta</i> , other than sweet peppers, dried, neither crushed or ground	100		80		
1509 10	Virgin olive oil	100	2 000	0		point 4 – yearly increase of 500 t
2001 90 20	Fruits of the genus <i>Capsicum</i> , other than sweet peppers or pimentos, prepared or preserved by vinegar or acetic acid	100		80		
2005 90 10	Fruits of the genus <i>Capsicum</i> , other than sweet peppers or pimentos, prepared or preserved otherwise than by vinegar or acetic acid, not frozen	100		80		

(1) CN codes corresponding to Regulation (EC) No 1789/2003 (OJ L 281, 30.10.2003, p. 1).

(2) Without prejudice to the rules for the interpretation of the combined nomenclature, the description of the products is deemed to be indicative only, the preferential scheme being determined, for the purposes of this Annex, by the coverage of the CN codes. Where ex CN codes are indicated, the preferential scheme is to be determined by application of the CN code and corresponding description taken together.

(3) Duty reduction applies only to *ad valorem* customs duties.

ANNEX II

PROTOCOL 2

concerning the arrangements applicable to imports into the West Bank and the Gaza Strip of agricultural products originating in the Community

1. The products listed in the Annex originating in the Community shall be admitted for importation into the West Bank and the Gaza Strip according to the conditions contained herein and in the Annex.
2. Import duties on imports are either eliminated or reduced to the level indicated in column "a", within the limit of the annual tariff quota listed in column "b", and subject to the specific provisions indicated in column "c".
3. For the quantities imported in excess of the tariff quotas, the general customs duties applied to third countries shall apply, subject to the specific provisions indicated in column "c".
4. For the first year of application, the volumes of the tariff quotas and the reference quantities shall be calculated as a pro rata of the basic volumes, taking into account the part of the period elapsed before the date of entry into force of this agreement.

Annex to Protocol 2

CN Code	Description	Duty (%)	Tariff quota (t, unless otherwise indicated)	Specific provisions
		a	b	c
0102 90 71	Live bovine animals, of a weight exceeding 300 kg, for slaughter, other than heifers and cows	0	300	
0202 30 90	Meat of bovine animals, boneless excluding forequarters, "compensated" quarters, crop, chuck and blade and brisket cuts, frozen	0	200	
0206 22 00	Edible livers of bovine animals frozen	0	100	
0406	Cheese and curd	0	200	
0407 00 19	Poultry eggs for hatching, other than those of turkeys or geese	0	120 000 pieces	
1101 00 15	Flour of common wheat and spelt	0	13 000	
2309 90 99	Other preparations of a kind used in animal feeding	2	100	

FICHE FINANCIÈRE

FICHE FINANCIÈRE				
1. LIGNE BUDGÉTAIRE: Chapitre 10 – droits agricoles		CRÉDITS: 891,4 Mio €		
2. INTITULÉ DE LA MESURE: Décision du Conseil sur la conclusion d'un accord sous forme d'échange de lettres entre l'Union européenne et l'Autorité palestinienne concernant des mesures de libéralisation réciproques et le remplacement des protocoles n° 1 et n° 2 de l'accord d'association intérimaire CE/Autorité palestinienne.				
3. BASE JURIDIQUE: Article 133 du Traité				
4. OBJECTIFS DE LA MESURE: Augmenter certains contingents agricoles réciproques entre la Palestine et l'Union européenne.				
5. INCIDENCES FINANCIÈRES	PÉRIODE DE 12 MOIS (Mio EUR)	EXERCICE EN COURS (Mio EUR)	EXERCICE SUIVANT 2005 (Mio EUR)	
5.0 DÉPENSES A LA CHARGE – DU BUDGET DES CE (RESTITUTIONS/INTERVENTIONS) – DES BUDGETS NATIONAUX – D'AUTRES SECTEURS	–	–	–	
5.1 RECETTES – RESSOURCES PROPRES DES CE (PRÉLÈVEMENTS/DROITS DE DOUANE) – SUR LE PLAN NATIONAL	–6 Mio €	–	–6 Mio €	
	2006	2007	2008	2009
5.0.1 PRÉVISIONS DES DÉPENSES	–	–	–	–
5.1.1 PRÉVISIONS DES RECETTES	–6 Mio €	–6 Mio €		
5.2 MODE DE CALCUL: La perte de ressources propres pour le budget de l'Union européenne est estimée à 6 Mio d'euros annuellement.				
6.0 FINANCEMENT POSSIBLE PAR CRÉDITS INSCRITS AU CHAPITRE CONCERNÉ DU BUDGET EN COURS D'EXÉCUTION		OUI		
6.1 FINANCEMENT POSSIBLE PAR VIREMENT ENTRE CHAPITRES DU BUDGET EN COURS D'EXÉCUTION		OUI		
6.2 NÉCESSITÉ D'UN BUDGET SUPPLÉMENTAIRE		NON		
6.3 CRÉDITS A INSCRIRE DANS LES BUDGETS FUTURS		NON		
OBSERVATIONS:				