

EXPLANATORY MEMORANDUM FOR EUROPEAN UNION LEGISLATION AND DOCUMENTS

Proposal for a COUNCIL DECISION on the position to be adopted, on behalf of the European Union, within the Joint Committee established by the Regional Convention on pan-Euro-Mediterranean preferential rules of origin as regards the request of Ukraine to become a Contracting Party to that Convention.

ANNEX to the Proposal for a Council Decision on the position to be adopted, on behalf of the European Union, within the Joint Committee established by the Regional Convention on pan-Euro-Mediterranean preferential rules of origin as regards the request of Ukraine to become a Contracting Party to that Convention.

Submitted by Department for International Trade on 21 April 2017

SUBJECT MATTER

1. The Regional Convention on pan-Euro-Mediterranean preferential rules of origin ('the Convention') lays down provisions on the origin of goods traded under relevant Agreements concluded between the Contracting Parties.
2. In doing so, it creates trade opportunities and promotes regional integration, spanning a geographical area from Norway to Morocco.
3. Article 5(1) of the Convention provides that a third party may become a Contracting Party to the Convention, provided that the candidate country has a free trade agreement in force with at least one of the Contracting Parties. Wishing to accede the Convention, Ukraine has confirmed that it has a free trade agreement with several Contracting Parties, namely the EU, EFTA states, the former Yugoslav Republic of Macedonia and Montenegro, thereby complying with this Article.
4. The request should be submitted to the Joint Committee of the Convention for adoption of a Decision inviting Ukraine to accede to the Convention, in accordance with Article 4(3)(b) of the Convention.
5. The position to be taken by the EU within the Joint Committee should be established by the Council.

SCRUTINY HISTORY

6. The former Department for Business, Innovation and Skills (BIS) submitted an EM on Council Doc No 9573/16 on 10 June 2016 relating to the "Proposal for a

Council Decision on the position to be taken, on behalf of the European Union, within the Joint Committee established by the Regional Convention on pan-Euro-Mediterranean preferential rules of origin as regards the request of Georgia to become a Contracting Party to that Convention.” The Commons European Scrutiny Committee cleared it, (Report 6, 16-17 on 14 June 2016). The Lords European Union Committee cleared it on 29 June 2016 (sift 1624).

MINISTERIAL RESPONSIBILITY

7. The Minister of State at the Department for International Trade has primary responsibility for trade preference issues.

INTEREST OF THE DEVOLVED ADMINISTRATIONS

8. The UK’s import policy is a reserved matter under the UK’s devolution settlements and no devolved administration interests arise. The devolved administrations have therefore not been consulted in the preparation of this EM.

LEGAL AND PROCEDURAL ISSUES

Legal basis

9. The legal basis for the Council Decision is Article 207 in conjunction with Article 218(9) of the Treaty on the Functioning of the European Union (TFEU).

European Parliament Procedure

10. Article 218(9) TFEU provides that when a decision having legal effect needs to be taken in a body set up by an international agreement, the Council, on a proposal from the Commission or the High Representative of the Union for Foreign Affairs and Security Policy, shall adopt a decision establishing the position to be adopted on the European Union’s behalf.
11. The decision to be taken by the Joint Committee of the Convention falls under this provision.

Voting procedure

12. This proposal will be subject to qualified majority voting.

Impact on United Kingdom Law

13. There is no impact on UK law.

Application to Gibraltar

14. There is no impact on Gibraltar.

Fundamental rights analysis

15. No fundamental human rights issues arise in relation the proposal.

APPLICATION TO THE EUROPEAN ECONOMIC AREA

16. Whilst the pan-Euro-Mediterranean includes EEA countries, the European Commission's Proposal will not be applicable to the EEA.

SUBSIDIARITY

17. There are no subsidiarity concerns. Preferential rules of origin fall within the exclusive competence of the Union.

POLICY IMPLICATIONS

18. On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation.
19. There are no new policy implications and the UK supports the Proposal. The Proposal is trade facilitating in effect as it helps to align and simplify the rules of origin used within free trade agreements by the Contracting Parties. This trade facilitating approach is consistent with Government policy.

CONSULTATION

20. No consultation has been undertaken or is planned in respect of the Commission's Proposal. HMRC is aware and has not raised any concerns.

IMPACT ASSESSMENT

21. An impact assessment is not necessary.

FINANCIAL IMPLICATIONS

22. There are no new financial implications for HMG.

TIMETABLE

23. This proposal will be presented for agreement at the next Agriculture and Fisheries Council on 11 May 2017. The vote on Ukraine's access will take place in the relevant meeting of the Joint Committee on 16 May.



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Minister of State
Department for International Trade