

## **Euro-Mediterranean convention on preferential rules of origin**

The Hungarian Presidency adopted the decision authorising the signature for the convention on behalf of the EU on 14 April 2011 without any discussion at a meeting on the Agriculture and Fisheries Council.

This is the first important compromise proposal on the pan-Euro-Mediterranean rules of origin. This proposal of the Presidency agreed on the Council's decision to sign the regional convention on Euro-Mediterranean rules of origin concerning preferential customs duty rates for the countries of the south Mediterranean and the western Balkans.

One of the most difficult issues for the signature of the convention was to determine the accumulated added value produced in more than one country of origin. Another difficulty has been the vast network of bilateral protocols which required the amendment or replacement of all the bilateral agreements of the signatory countries.

To understand the difficulty and the complexity of the procedure the European Commission made the proposal for a new convention in 2007 and the negotiations lasted more than two and a half years between the European Commission and 22 third countries.

The objective of the decision, which was called for by the European Council on 24/25 March 2011, is to replace the current Euro-Mediterranean system of accumulation of origin based on individual protocols with a single legal instrument in the form of a regional convention. Among others, the establishment of a single regional convention aims to facilitate the application of identical rules of origin for the purpose of a systemic organisation and financial treatment of goods traded in the Euro-Mediterranean area.

Moreover, it will help the countries' economies grow faster while contributing to the stability of the whole area and easing immigration pressures. Nevertheless, the most important achievement of the convention is the intention to overcome the difficulties in the management of the current network of bilateral treaties by replacing some 60 protocols on rules of origin among the countries or territories of the Euro-Mediterranean zone.

At present the EU has preferential trade agreements with several countries from the western Balkans and the southern Mediterranean. These bilateral agreements state that in order for a product to benefit from preferential duty rates, it is a primary condition that it originates from one of these countries meaning that in the course of production a certain added value must be achieved in the originating country.

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