



European
Commission



Revision of the Trade Mechanism legislation

- STATE OF PLAY -

CDG - 12 May 2015

*DG Agriculture and Rural Development
European Commission*



Agriculture
and Rural
Development



WHY reviewing the legislation?

The legal necessity

Alignment of Commission R 1308/2013 with the Lisbon Treaty (split into delegated and implementing acts)

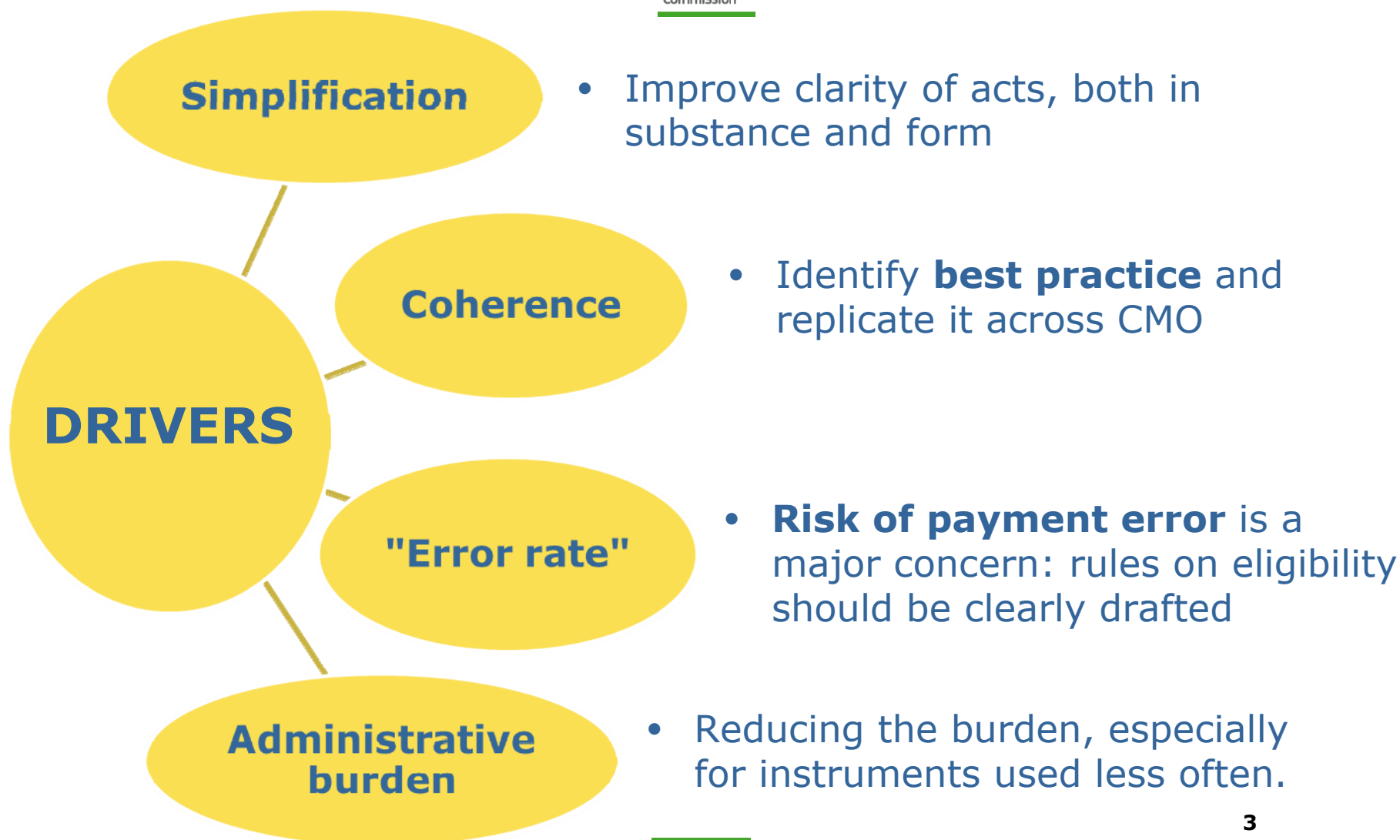
The problem

Currently over 30 acts on licenses and TRQs, with base in CMO, spread over the different market sectors, often with different management systems
Risk: $30 \times 2 = 60$ acts (!)

The solution

Alignment to the LT + maximum harmonisation and simplification of the provisions







TRQ review: a new IT environment

+

Electronic systems to favour
(implies improved use of IT systems of
Commission + national Customs authorities
and Paying Agencies)

Possible new structure of trade legislation

- a) Merge of horizontal (R 1301/2006) and sectoral provisions on quotas (for milk R 2535/2001 + R 1187/2009) into 1 DA + 1 IA
- b) Merge of horizontal (R 376/2008) and sectoral provisions (for milk R 2535/2001 + R 1187/2009) on licenses and securities into 1 DA + 1 IA *
- c) Merge horizontal (R 612/2009) and sectoral provisions (for milk R 1187/2009) on refunds into 1 DA + 1 IA *

* or option d), merging b) and c) into 1 DA + 1 IA



Management options

- The customs managed system FCFS is simple, but commercially risky.
- The AGRI licence managed system is administratively burdensome, but commercially certain.
- ❖ TARGETS:
 - Combine the best of both
 - Ban speculation
 - Mind the small users
 - Change systems fixed by international agreements only after re-negotiation

TRQ most important aspects

Issues
=>

- **system**: licence or customs FCFS?
- **proof of trade**: abolish, harmonise or simplify?
- **sub-periods**: abolish or replace by year-round application option or differentiate according to the quota use?
- Abolish licence **transfer** ?
- Easier **access for SME** ?

TRQ review – other aspects

License security

objective =
harmonized calculation for all products

TRQ review: other aspects

Maximum applicable quantity - options

- ☐ Art. 6(5) R. 1301/2006: maximum = quota quantity
- ☐ limit quantity to a percentage[10]% of the quota quantity
- ☐ Maximum quantity only for oversubscribed quotas

TRQ Review: Commission legal powers

Discussion in GREX (DA)

TRQ sub periods

Proof of Trade

licence transfer

Maximum application
quantity

Discussion in CTEE (IA)

Frequency of application

Provisional allocation
coefficient

Security rates

Exemption allocation
coefficient for small quantity

Timeline

adoption of new DA/IA for reviewed TRQ
and Licence regime by [the end of 2015].



Trade mechanism review

Thank you for your attention!