



Brussels, 23.10.2013
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2013/0342 (NLE)

Proposal for a

COUNCIL DECISION

**establishing the position to be taken by the European Union within the Ministerial
Conference of the World Trade Organization on the accession of the Republic of Yemen
to the WTO**

EXPLANATORY MEMORANDUM

I. INTRODUCTION

Members of the World Trade Organization (WTO) and the Republic of Yemen have reached the concluding stage of an agreement on the terms for the accession of Yemen to the organization. This comes after 13 years of negotiations, which began when Yemen submitted its application to join the WTO in 2000. Yemen's request for accession has been examined in accordance with the guidelines set out by the WTO General Council on the accession of least-developed countries (LDC) and there must now be a Council Decision approving the terms of Yemen's accession, before the EU can formally support that approval in the WTO.

A summary of the terms of the accession is set out below.

II. SUMMARY OF TERMS OF YEMEN'S WTO ACCESSION BY SECTOR

Schedule of commitments

Goods

The average final bound rate (FBR) in the accession schedule of Yemen is 22.2 %.

The average FBR is slightly higher at 26.2% for agriculture products than the 20.1% observed for industrial goods. Tariff peaks are also higher in agriculture (100% maximum in some agriculture products versus 40% maximum observed in industrial goods).

Yemen will implement the FBRs as from the date of accession.

These average levels for tariffs are quite reasonable considering the LDC status of Yemen as well as the small size and vulnerability of its economy. Past EU practice in relation to LDCs has been to accept these tariff levels as reasonable for economies of comparable size.

Industrial Goods

- The average FBR for non-agriculture products is 20.1%.
- The highest averages of around 27% are observed in furniture and footwear.
- The lowest, around 10%, relates to Information Technology (IT) products.
- The highest tariff peaks are 40% (cement and certain processed fish) and 43% (most of fisheries and processed fisheries products).

Agricultural goods

- The average FBR for agriculture products is 26.2%.
- The highest tariff peaks in agriculture are in tobacco and coffee at 100%.

Services

Yemen's schedule of specific commitments in services is satisfactory considering its LDC status. Yemen will undertake market access and national treatment commitments in a broad range of services sectors, including professional, computer and other business services, communication services (courier services and telecommunications), construction, distribution, private educational, environmental, financial (insurance and banking), private health related services, tourism and transport services (maritime and rail transport).

Protocol commitments

In the final, multilateral stage of the accession process, WTO Members collectively sought to ensure the basic compatibility of Yemen's trade laws and institutions with WTO rules and agreements, setting these out in the Protocol of accession and Working Party Report.

Transitional periods were requested in a number of fields; the following are of particular interest to the EU:

Trading rights: Yemen confirmed that it would grant any natural or legal person of a WTO Member, regardless of physical presence or investment in Yemen, the right to be the importer of record of any product allowed to be imported into Yemen no later than 31 December 2014. Yemen's laws and regulations relating to all fees, charges and taxes levied in connection with such trade, will conform fully with its WTO obligations.

Pursuant to the same timelines, Yemen will grant trading rights in a non-discriminatory and non-discretionary manner in conformity with the WTO Agreements. Any requirements for commercial registration or application for trading rights will be for customs and fiscal purposes only, and would not require investment in Yemen.

Other duties and charges: Yemen committed to bind other duties and charges within the meaning of Article II:1(b) of the GATT 1994 at a rate of 0.25 per cent. At the latest 4 years after accession, the bound rate for these other duties and charges would be 0 as provided for in Yemen's Goods Schedule.

Fees and charges for services rendered: the requirement that certificates of origin and invoices of imports into Yemen be endorsed or notarized by Yemeni Consulates abroad will be terminated no later than 1 January 2017.

Customs valuation: Yemen's legislation and implementing regulations will be in conformity with the Customs Valuation Agreement by the date of accession. Yemen will progressively implement the Agreement in accordance with an Action Plan set out in the Working Party report and will fully apply the WTO provisions concerning customs valuation, including the WTO Agreement on the implementation of Article VII of the GATT 1994 and Annex I (Interpretative notes) on 31 December 2016. Yemen confirmed that during the transition period, Yemen would ensure that its regulations under legislation in place and additional regulations implemented during the transition concerning customs valuation would be applied on a non-discriminatory basis to all imports.

Sanitary and phytosanitary measures (SPS): Yemen will benefit from a transition period till 31 December 2016 for full implementation of the SPS Agreement, as set out in an action plan included in the working party report.

Technical Barriers to Trade (TBT): Yemen will fully implement the Agreement on Technical Barriers to Trade by 31 December 2016. An action plan is set out in the working party report.

Trade-related intellectual property rights (TRIPS): The full implementation of the TRIPS Agreement will be effective by the end of 2016 (except for patent protection of pharmaceuticals covered by the Decision on TRIPS and Public Health (WT/L/641)).

III. RECOMMENDATION

In submitting the terms of Accession of the Republic of Yemen to the WTO for approval by the Council, the Commission considers these terms as representing a balanced and ambitious package of market opening commitments, which will bring substantial benefits to Yemen and its WTO trading partners alike.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 91, 100(2) and the first subparagraph of Article 207(4), in conjunction with Article 218(9) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) On 12 April 2000 the Government of the Republic of Yemen applied for accession to the Marrakesh Agreement establishing the World Trade Organization (WTO), pursuant to Article XII of that Agreement.
- (2) A Working Party on the accession of the Republic of Yemen was established on 17 and 19 July 2000 in order to reach agreement on terms of accession acceptable to the Republic of Yemen and all WTO Members.
- (3) The Commission, on behalf of the Union, has negotiated a comprehensive series of market opening commitments on the part of the Republic of Yemen which satisfy the Union's requests.
- (4) These commitments are now embodied in the Protocol of Accession of the Republic of Yemen to the WTO.
- (5) Accession to the WTO is expected to make a positive and lasting contribution to the process of economic reform and sustainable development in the Republic of Yemen.
- (6) The Protocol of Accession should therefore be approved.
- (7) Article XII of the Agreement establishing the WTO provides that the terms of accession are to be agreed between the acceding Member and the WTO, and that the Ministerial Conference of the WTO approves the terms of accession on the WTO side.
- (8) Accordingly, it is necessary to establish the position to be taken by the Union within the Ministerial Conference,

HAS ADOPTED THIS DECISION:

Article 1

The position to be taken by the European Union within the Ministerial Conference of the World Trade Organization on the accession of the Republic of Yemen to the WTO is to approve the accession.

Article 2

This Decision shall enter into force on the day of its adoption.

Done at Brussels,

*For the Council
The President*