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# SESSION DOCUMENTS

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A3-0058/91

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## R E P O R T

of the Committee on External Economic Relations

on the conclusion of a protocol extending the first stage of the Agreement establishing an Association between the European Economic Community and Malta  
(COM(90) 558 final - C3-0025/91 - 10713/90)

Rapporteur: Mrs Maria MAGNANI NOYA

DOC\_EN\RR\106404

PE 148.159/fin.

A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

Or. IT.

\*

= Consultation procedure requiring a single reading

\*\*II

= Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

\*\*I

= Cooperation procedure (first reading)

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= Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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By letter of 10 January 1991 the Council consulted the European Parliament, pursuant to Article 238, second paragraph, of the EEC Treaty, on a Commission recommendation to the Council for the conclusion of a protocol extending the first stage of the Agreement establishing an Association between the European Economic Community and Malta. Under the provisions of the EEC Treaty the assent of the European Parliament is obligatory in this case.

At the sitting of 25 January 1991 the President of Parliament announced that he had referred this recommendation to the Committee on External Economic Relations as the committee responsible and to the Committee on Budgets for its opinion.

At the sitting of 18 February 1991 the President of Parliament announced that he had referred this recommendation to the Political Affairs Committee, also, for its opinion.

At its meeting of 29 January 1991 the Committee on External Economic Relations had appointed Mrs Magnani Noya rapporteur.

It considered the draft report at its meeting of 18 March 1991.

At the latter meeting it adopted the proposal for a decision unanimously.

The following took part in the vote: De Clercq, chairman; Stavrou, vice-chairman; Magnani Noya, rapporteur; Benoit, Cunha Oliveira (for Bird), Izquierdo Royo (for Hindley), Miranda de Lage, Sainjon, Spencer and Tsimas.

The opinion of the Committee on Budgets is attached. The opinion of the Political Affairs Committee will be published separately.

The report was tabled on 19 March 1991.

A

PROPOSAL FOR A DECISION

on the conclusion of a protocol extending the first stage  
of the Agreement establishing an Association  
between the European Economic Community and Malta

The European Parliament,

- having regard to the Commission recommendation to the Council (COM(90) 558 final)<sup>1</sup>,
  - having been consulted by the Council pursuant to Article 238, second paragraph, of the EEC Treaty, under the procedure for conclusion of a protocol extending the first stage of the Agreement establishing an Association between the European Economic Community and Malta (C3-0025/91-10713/90),
  - having regard to the report of the Committee on External Economic Relations and the opinions of the Political Affairs Committee and the Committee on Budgets (A3-0058/91),
1. Gives its assent to the conclusion of the protocol.

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<sup>1</sup> OJ No. C 311, 12.12.1990, p. 8

B  
EXPLANATORY STATEMENT

1. Introduction

The protocol in question extends until 31 December 1991 (and provides for the subsequent automatic annual extension, unless it is denounced by one of the contracting parties before 1 July of the relevant year) the first stage of the Association Agreement concluded between the Community and Malta on 5 December 1970, as completed and extended by various supplementary and financial protocols.

The Association Agreement provided for the gradual abolition of trade barriers in two five-year stages. The second stage should have culminated in the creation of a customs union.

However, the first stage of the Association Agreement was extended until 31 December 1980 by a supplementary Protocol signed in 1977, which allowed certain Maltese agricultural and industrial products access to the Community market on more favourable terms. In January 1981, Malta's representatives announced that, for economic and political reasons, their country did not intend to proceed at that time to the second stage, which would have culminated in the creation of a customs union between the EEC and Malta. So the agreement was extended unilaterally by the EEC for successive six month periods, pending a decision by the Maltese Government to embark on new negotiations on transition to the second stage. In December 1988 a supplementary Protocol was concluded which extended until 31 December 1990 the first stage of the Association Agreement while at the same time granting a number of tariff concessions for various Maltese exports of agricultural products and confectionery and reciprocal concessions concerning beer exports.

Since, at the Association Council meeting in July 1990, Malta confirmed that it did not wish to proceed to the second stage of the Association Agreement (in other words the creation of a customs union), it is necessary to extend indefinitely the legal basis of the rules governing trade between the EEC and Malta.

It should be noted that, in July 1990, the Maltese Government also submitted an application for membership of the Community.

2. It is understandable, from an economic standpoint, that the Maltese Government should not wish to proceed to customs union with the Community, which would oblige Malta to completely liberalize trade between the two parties, whereas at present she enjoys extremely favourable conditions of access to the Community market while maintaining only partial liberalization with regard to Community exports. Malta considers that the creation of a customs union would impose on it the same burdens as accession without the offsetting financial flows which would derive from membership. The European Parliament's assent would, therefore, enable it to meet Malta's wishes without implying any judgement at present on its request for Community membership.

3. Economic relations between the EC and Malta have traditionally been particularly close and dynamic. The Community is Malta's main trading partner (accounting for 70% of its trade); it provides 74.6% of Malta's imports (1987: 68.2%; 1988: 70%), while Maltese exports to the Community accounted for 69.6% of its total exports in 1989 (compared to 69.2% in 1988: and 67.6% in 1987). Malta's next most important trading partners after the Community were, in 1989, the United States and Japan (accounting for 4.8% and 2.9% respectively of its imports), and the United States and Libya (accounting for 6.6% and 5.19% respectively of its exports).

Italy was both the main supplier (44%) and the main market (43%) among Malta's EC trading partners in 1989, while the second biggest Community exporter to Malta was the United Kingdom (18%) and her second largest Community market was Germany (30%). The balance of trade has traditionally been favourable to the Community, and rose to 496 million ECU in 1989 from 453 million ECU in 1988 and 365 million ECU in 1987.

The bulk of the Community's imports from Malta consists of clothing, shoes and other manufactured goods, while the Community's exports mainly consist of iron and steel products and other metal-based goods.

On 27 June 1989, the third Protocol on financial and technical cooperation between the Community and Malta (OJ No. L 180 of 27.6.1989) entered into force; this provided, in the period from 1989 to 1993, for the allocation to Malta of 38 million ECU in Community funds, including 23 million ECU in the form of European Investment Bank loans, 12 500 000 ECU from the Community's budgetary resources in the form of grants and 2 500 000 in the form of contributions to risk capital formations, also from the Community's budgetary resources. The projects and operations eligible for such funding include, in the industrial and service sector, joint ventures between firms in the Member States and Maltese firms, direct contacts, exchange of information and support for small and medium-sized undertakings in the field of science and technology, the development of links between Maltese and European training and research institutes; and, in the field of trade, diversification and promotion of exports and contacts between Maltese and Community undertakings.

OPINION

of the Committee on Budgets

Letter from the chairman of the Committee on Budgets to Mr DE CLERCQ, chairman of the Committee on External Economic Relations

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Luxembourg, 7 February 1991

Subject: Recommendation for a Council decision concerning the conclusion of a protocol extending the first stage of the Agreement establishing an Association between the European Economic Community and Malta (COM(90) 558 - C3-25/91)

Dear Mr De Clercq,

At its meeting of 6 February 1991 the Committee on Budgets considered the above subject.

The committee noted that this protocol would extend the first stage of the Association Agreement between the European Economic Community and Malta to 31 December 1991.

The committee noted that for the financial year 1991 this will involve an estimated loss in revenue of ECU 250 000.

The Committee on Budgets issued a favourable opinion on this protocol.

Yours sincerely,

(sgd) Thomas von der VRING

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The following were present for the vote: von der Vring, chairman; Cornelissen, second vice-chairman; Arias Cañete, Boge, Colom I Naval, Goedmakers, Holzfuss, Langes, Lo Giudice, McCartin (for Forte), Marques Mendes, Pasty, Theato and Tomlinson.

