



Negotiations of the Deep and Comprehensive Free Trade Area (DCFTA) between the European Union and Tunisia.

## The EU proposal on Trade in Goods for the DCFTA EU-Tunisia

### EXPLANATORY NOTE

January 2019

The present document aims at providing a general overview of the European Union's (EU) proposal for a chapter on National Treatment and Market Access for Goods Chapter (also called Trade in Goods) in the framework of establishing a deep and comprehensive trade agreement between the EU and Tunisia.

The National Treatment and Market Access for Goods Chapter builds up on existing provisions from the Association Agreement about eliminating or reducing barriers on EU exports of goods to Tunisia and vice-versa. The modernised text intends to replace Title II "Free Movement of Goods" of the existing agreement.

Barriers on trade in goods include tariff barriers such as customs duties and non-tariff barriers affecting the importation, distribution and sale of EU and Tunisian goods in territory of the other Party. The aim is thus to lower the cost of doing business for European and Tunisian economic operators by eliminating or reducing those barriers. Doing so would foster economic growth, create more job opportunities and have a positive impact for consumers in the EU and Tunisia.

The text of the National Treatment and Market Access for Goods chapter is the initial EU proposal. It contains principles and obligations similar to those found in other free trade agreements (FTAs) negotiated by the EU, adapted to the circumstance that Tunisia is a privileged partner with whom the EU already has an agreement in place.

#### Import and export restrictions

The chapter aims to ensure that neither partner circumvents the agreement's obligations by maintaining or introducing other discriminatory trade barriers at the same time as eliminating tariffs. So it incorporates fundamental World Trade Organisation (WTO) obligations on import and export restrictions as the framework for trade in goods between the partners.

#### Import and export licensing procedures

The National Treatment and Market Access for Goods text includes core WTO principles regarding import licences and aims to extend those principles to export licencing. The objective is not to prevent licencing procedures, as there are legitimate objectives in some cases (e.g. for exports of weapons, certain chemicals, or animal skins), but to improve transparency

and prevent opaque import and export licensing procedures that can introduce costs and significant barriers for exporters.

As part of the obligations the partners should also notify each other of their import and export licensing procedures, including all details, and update these notifications as necessary.

#### Export duties and taxes

In addition, the Chapter renews and improves upon the existing commitment under the 1995 Agreement inhibiting both partners from maintaining or introducing any duty, tax or other charge of any kind on the exportation of goods, greater than the charge or tax applicable to the like good when destined for domestic consumption.

#### Special regime on repaired goods

The proposed chapter also introduces duty-free treatment for goods re-imported after having being repaired in the other partner. For instance a machine sent to the EU from Tunisia for repairs should still receive duty-free treatment upon its return to Tunisia.

#### Remanufactured goods

In line with the principles of circular economy, there is already a significant number of medical devices parts, machinery and vehicle components that are industrially processed under strict quality controls in order to become parts either of new medical devices, machines and vehicles or to be used in repairing or modernising them. This process presents significant environmental gains and economic benefits to all operators. A specific article in the chapter provides therefore for the equal treatment of remanufactured goods as compared to new ones.

#### General Exceptions

The article on General Exceptions aims to safeguard the right of either partner to introduce (or maintain) restrictive measures on imports and exports necessary to fulfil important public policy objectives, such as protecting public health and safety, and scarce natural resources.