EXPLANATORY MEMORANDUM TO

THE EUROPEAN UNION (DEFINITION OF TREATIES) (ASSOCIATION AGREEMENT) (MOLDOVA) ORDER 2015

2015 No.847

1. This explanatory memorandum has been prepared by the Foreign and Commonwealth Office and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 The Order relates to the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part signed in Brussels on 27th June 2014 (the "Agreement"). It declares that the Agreement is to be regarded as one of the European Union ("EU") Treaties. The effects of the Agreement being regarded as an EU Treaty are explained in paragraph 7 below.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1 The parties to the Agreement must each ratify or approve the Agreement in accordance with their internal procedures before the Agreement can enter into force. The United Kingdom must be in a position to implement all of its obligations, including its EU obligations, in respect of the Agreement before ratifying the Agreement. Declaring the Agreement to be an EU Treaty is a necessary step in ensuring that the UK is able to implement its obligations in respect of the Agreement.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

The Minister of State for Europe, David Lidington MP, has made the following statement regarding Human Rights:

"In my view the provisions of the European Union (Definition of Treaties) (Association Agreement) (Moldova) Order 2015 are compatible with the Convention rights."

7. Policy background

- What is being done and why

7.1 The Order declares that the Agreement is to be regarded as one of the EU Treaties under the European Communities Act 1972. One of the effects of this is that certain rights and obligations under the Agreement automatically become law in the United Kingdom. In addition, subordinate legislation can be made to give effect to the provisions of the Agreement. The Agreement itself provides a legal framework for deepening political and economic relations between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part. It covers matters such as political dialogue and reform, justice, freedom and security, trade, energy, transport, and environmental protection.

- Consolidation

7.2 This Order does not amend another instrument and therefore consolidation is not relevant.

8. Consultation outcome

8.1 As this Order is an enabling instrument, no public consultation has been carried out. Whitehall departments were consulted on and approved relevant sections of the text of the Agreement to which this Order relates.

9. Guidance

9.1 No guidance will be published.

10. Impact

10.1 The impact on business is an annual net benefit of £1 million, once the Agreement is fully implemented. Discounting the benefits from the first ten years from provisional application of the Agreement, taking into account the different stages of liberalisation, results in a total benefit to business of £8 million. This is a conservative estimate based on UK exporters capturing the savings from reductions in Moldovan tariff levels and UK exports remaining at current levels. This estimate is based on analysis conducted by the Department for Business, Innovation & Skills following impact assessment guidance. Wider benefits on consumers and national welfare are also likely, but not possible to quantify. This impact assessment also looks at the effects of the Agreement on sectors, importers, equality, competition, small firms and human rights.

10.2 The impact on the public sector is a reduction in annual tariff income to the UK Government of around £0.2 million annually, quantified by the Department for Business, Innovation & Skills following impact assessment guidance. In effect, this analysis

assumes that the removal of EU tariffs will allow a transfer of economic rent (tariff income) from the European Commission and UK Government to Moldovan exporters. In practice, however, the price of Moldovan exports to the UK may fall, providing welfare benefit to consumers.

10.3 An Impact Assessment is attached to this memorandum and will be published alongside the Explanatory Memorandum on the legislation.gov.uk website.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 No specific monitoring or review of this Order is planned. However, the Agreement to which the Order relates provides for the establishment of an Association Council which will supervise and monitor the application and implementation of the Agreement and periodically review the functioning of the Agreement in the light of its objectives.

13. Contact

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