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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**on the exercise of the power to adopt delegated acts conferred on the Commission
pursuant to Council Regulation (EC)No 2271/96 of 22 November 1996 protecting against
the effects of the extra-territorial application of legislation adopted by a third country,
and actions based thereon or resulting therefrom**

INTRODUCTION

Council Regulation (EC) No 2271/96 ('Regulation') provides protection against and counteracts the effects of the extra-territorial application of the laws specified in the Annex of this Regulation, including regulations and other legislative instruments, and of actions based thereon or resulting therefrom, where such application affects the interests of persons, referred to in Article 11 of the Regulation, engaging in international trade and/or the movement of capital and related commercial activities between the EU and third countries.

Article 1 of the Regulation empowers the Commission to adopt delegated acts to add to the Annex to this Regulation laws, regulations or other legislative instruments of third countries having extraterritorial application and causing adverse effects on the interests of the Union and the interests of natural and legal persons exercising rights under the Treaty on the Functioning of the European Union, and to delete laws, regulations or other legislative instruments when they no longer have such effects.

LEGAL BASIS

This report is required under Article 11a of the Regulation. Pursuant to that provision, the power to adopt delegated acts is conferred on the Commission for a period of five years from 20 February 2014 and the Commission is required to prepare a report in respect of the delegation of power not later than nine months before the end of the five-year period.

EXERCISE OF THE DELEGATION

Since the entry into force of the Regulation, the Commission has made use of the empowerment once. On 8 May 2018, the United States announced they will no longer waive their national restrictive measures relating to Iran, following their withdrawal from the Joint Comprehensive Plan of Action. Some of those measures have extra-territorial application and can cause adverse effects on the interests of the Union and the interests of natural and legal persons exercising rights under the Treaty on the Functioning of the European Union.

In reaction to the above, on 6 June 2018 the Commission adopted a delegated act amending the Annex to the Regulation so as to include the United States' restrictive measures which, once reimposed, would negatively affect EU operators engaging in legitimate business with Iran. From that date, the European Parliament and Council have a two month non-objection period.

The reasons which led the co-legislators to delegate the power to adopt delegated acts on the Commission are still valid and the Commission may indeed need to make use of the empowerment in the future.

CONCLUSION

The Commission has, over the past five years, exercised the delegated powers conferred to it under the Regulation once. The Commission sees the need to extend the empowerment, given that the reasons which led the co-legislators to delegate the power to adopt delegated acts on the Commission are still valid. With this report, the Commission complies with the reporting requirement under Article 11a of the Regulation and invites the European Parliament and the Council to take note of this report.