

II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 30 June 1986

on the association of the overseas countries and territories with the European Economic Community

(86/283/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 136 thereof,

Having regard to the Internal Agreement on the financing and administration of Community aid signed in Brussels on 19 February 1985 (hereinafter referred to as the 'Internal Agreement'),

Having regard to the draft Decision submitted by the Commission,

Having regard to the opinion of the European Parliament⁽¹⁾,

Whereas the provisions applicable to the association of the overseas countries and territories (hereinafter referred to as the 'countries and territories') with the European Economic Community must be laid down for a further period of five years; whereas these provisions apply to the territories for which the French Republic has responsibility, the countries for which the Kingdom of the Netherlands has responsibility, the countries and territories for which the United Kingdom has responsibility and, in part, to Greenland, pursuant to the Treaty signed in Brussels on 13 March 1984 amending, with regard to Greenland, the Treaties establishing the European Communities;

Whereas these provisions form part of the European Economic Community's efforts to contribute, notably by means of the Third ACP-EEC Convention, signed in Lomé on 8 December 1984 (hereinafter referred to as the 'Convention'), towards international cooperation and

to the solution of international problems of an economic, social, intellectual and humanitarian nature, in conformity with the aspirations of the international community towards the establishment of a new, more just and more balanced economic order;

Whereas the development needs of the countries and territories and the needs related to the promotion of their industrial development justify maintaining the possibility of levying customs duties and imposing quantitative restrictions;

Whereas special provisions should be laid down in respect of rum, arrack and tafia falling within sub-heading 22.09 C I of the Common Customs Tariff;

Whereas it is appropriate, in view of the pattern of the economies of the majority of the countries and territories and taking account of past experience, to enable the countries and territories henceforth to take advantage of the instruments serving the ACP States, such as the Technical Centre for Agricultural and Rural Cooperation and the Centre for the Development of Industry, in return for a financial contribution from the funds granted to the countries and territories;

Whereas the Community's contribution towards solving the countries' and territories' and the ACP States' economic and social problems involves it in the further intensification of relations between the countries and territories and the ACP States in the areas of regional, agricultural, industrial, energy, cultural, social, financial and technical cooperation;

Whereas Article 288 of the Convention provides for the possibility of accession to the Convention by a country or territory referred to in Part Four of the Treaty which

⁽¹⁾ OJ No C 288, 11. 11. 1985, p. 148.

becomes independent; whereas it is therefore necessary to make provision for possible adaptation of this Decision;

Whereas Article 1 of the Internal Agreement provides that where a country or territory which has become independent accedes to the Convention the financial aid allocated to the countries and territories from European Development Fund resources shall, by decision of the Council, be reduced and the amounts allocated to the ACP States correspondingly increased;

Whereas it is necessary, both to facilitate future application of this provision and to ensure that financial aid is distributed as fairly as possible, to stipulate the allocation of aid among the territories for which the French Republic has responsibility, the countries for which the Kingdom of the Netherlands has responsibility and, finally, the countries and territories for which the United Kingdom has responsibility;

Whereas this Decision in no way prejudices the special arrangements established for the import into Spain and Portugal of the products coming from the countries and territories which appear in the Annex to Decision 86/47/EEC (*),

HAS DECIDED AS FOLLOWS:

Article 1

The aim of this Decision is to facilitate the economic, cultural and social development and to strengthen the economic structures of the countries and territories listed in Annex I, in particular by developing trade, economic relations and agricultural and industrial cooperation between the Community and those countries and territories, by helping to safeguard the interests of those among them whose economy depends to a considerable extent on the export of commodities and by affording financial aid and technical cooperation.

Article 2

The aim of Part 1 of this Decision is to define the areas of cooperation within which financial and technical assistance may be accorded to the OCT listed in Annex I under the terms of this Decision.

PART ONE

THE AREAS OF EEC-OCT COOPERATION

TITLE I

AGRICULTURAL AND RURAL DEVELOPMENT AND CONSERVATION OF NATURAL RESOURCES

Chapter 1

Agricultural cooperation and food security

Article 3

Cooperation in the agricultural and rural sector, that is arable farming, livestock production, fisheries and forestry, shall be aimed, *inter alia*, at:

- supporting the countries' and territories' efforts to increase their degree of self-sufficiency in food, in particular by strengthening their ability to provide their population with sufficient food and ensure a satisfactory level of nutrition,
- reinforcing food security at local, regional and interregional level,
- guaranteeing the rural population incomes that will significantly improve their standard of living,

- promoting the active participation of the rural population in their own development by organizing small farmers into associations and integrating them more effectively into national and international economic activity,
- creating satisfactory living conditions and a satisfactory life-style in the rural environment, notably by developing social and cultural activities,
- improving rural productivity, notably by transfers of appropriate technology and the rational exploitation of plant and animal resources,
- reducing post-harvest losses,
- diversifying job-creating rural activities and expanding activities that back up production,
- improving production by on-the-spot processing of the products of arable farming, livestock production, fisheries and forestry,
- ensuring a better balance between food crops and export crops,
- developing agricultural research tailored to the natural and human environment of the country and the region and meeting extension service needs,

(*) OJ No L 63, 5. 3. 1986, p. 95.

- in the context of the above objectives, protecting the natural environment.

Article 4

1. Operations to attain the objectives referred to in Article 3 shall be as varied and practical as possible, at local, regional and interregional level.
2. They shall, furthermore, be designed and deployed to implement the policies and strategies established by the relevant authorities of the countries and territories and respect their priorities.
3. Support shall be provided for such policies and strategies in the context of agricultural cooperation in accordance with the provisions of this Decision.

Article 5

1. Development of production calls for increased animal and crop production and involves:

- improving farming methods for rain-fed crops while conserving soil fertility,
- developing irrigated crops, *inter alia* through different types of agricultural water schemes (village water engineering, regulation of watercourses and soil improvement) ensuring optimum use and thrifty management of water which can be mastered by farmers and by local communities; operations shall also consist in the rehabilitation of existing schemes,
- improving and modernizing cultivation techniques and making better use of factors of production (improved varieties and breeds, agricultural equipment, fertilizers, plant treatment preparations),
- in the sphere of livestock farming, improving animal feed (more effective management of pasture, increased fodder production, more new water-points and repair of existing ones) and health, including the development of the infrastructure required for that purpose,
- better integration of arable and livestock farming,
- in the sphere of fisheries, modernizing fish-farming and developing aquaculture.

2. Other prerequisites for the development of production are:

- the extension of secondary and tertiary back-up activities for agriculture, such as the manufacture, modernization and promotion of agricultural and rural equipment and other inputs and, where necessary, their import,
- the establishment or consolidation of agricultural credit facilities adapted to local conditions in order to promote access to production factors for farmers,
- the encouragement of all those policies and incentives for producers which are appropriate to local conditions with a view to greater productivity and to improving farmers' incomes.

Article 6

In order to ensure a return on output, agricultural cooperation shall contribute to:

- adequate means of preservation and suitable storage facilities for producers,
- effective control of disease, pests and other factors causing production losses,
- basic marketing arrangements underpinned by suitable organization of producers, with the necessary material and financial resources, and by adequate means of communication,
- flexible operation of marketing channels, taking account of every form of public or private initiative, to enable local markets, areas of the country with shortfalls and urban markets to be supplied, in order to cut down dependence on outside sources,
- facilities to prevent breaks in supplies (security storage) and guard against erratic price fluctuations (intervention storage),
- processing, packaging and marketing of products, particularly by developing artisanal and agro-industrial units, in order to adapt them to the trend of the market.

Article 7

Rural promotion measures shall involve:

- the organization of producers within associations or communities in order to enable them to derive more benefit from joint contracts and investment and jointly owned equipment,
- the development of social and cultural activities (such as health, education and culture) essential for improving rural life-styles,

- suitable extension services to train farmers,
- improving the training of instructors at all levels.

Article 8

Cooperation in agricultural research shall contribute:

- to the development, in the countries and territories, of domestic and regional research capacities suited to the local natural, social and economic conditions of crop and animal production,
- in particular, to improving varieties and breeds, the nutritional quality of products and their packaging, and developing technology and processes accessible to the producers,
- to better dissemination of the results of research undertaken in a country, territory or ACP or non-ACP State and applicable in other countries, territories or ACP States,
- to extension work in order to inform the greatest possible number of users of the results of such research.

Article 9

Agricultural cooperation schemes shall be carried out in accordance with the detailed provisions and procedures laid down for financial and technical cooperation and in this context they may also cover the following:

1. Under the heading of technical cooperation:

- exchange of information between the Community, the countries, territories and the ACP States and among countries, territories or ACP States themselves (for example, on water use, intensive production techniques and the results of research),
- exchange of experience between professionals working in such areas as credit and savings, cooperatives, mutual insurance, artisan activities and small-scale industry in rural areas.

2. Under the heading of financial cooperation:

- supply of factors of production,
- support for market regulation bodies, on the basis of a coordinated approach to production and marketing problems,
- participation in the constitution of funds for agricultural credit facilities,

- opening of credit lines for trade organizations representing farmers, artisans and small-scale industrial operators in rural areas, geared to their activities (such as supplies, primary marketing and storage), and also for associations implementing the campaigns on specific themes,

- support for measures to combine industrial and trade skills in the countries and territories and the Community within artisan or industrial units, for the manufacture of inputs and equipment and for such purposes as maintenance, packaging, storage, transport and processing of products.

Article 10

1. Community measures aimed at food security in the countries and territories shall be conducted in the context of the food strategies or policies of the relevant authorities of the countries or territories concerned and of the development objectives which they lay down.

They shall be implemented, in coordination with the instruments of this Decision, in the framework of Community policies and the measures resulting therefrom with due regard for the Community's international commitments.

2. In this context, multiannual indicative programming may be carried out with the relevant authorities of the countries or territories which so wish, so that their food supplies can be better forecast.

Article 11

In implementing this Chapter, special attention shall be paid, at the request of the relevant authorities of the least-developed countries and territories, to the specific difficulties which those countries and territories encounter in carrying out the policies or strategies that the relevant authorities have established to strengthen their food self-sufficiency and security. In this context, cooperation shall bear in particular on the productive sectors (including the supply of inputs), transport, marketing, packaging and the setting-up of storage infrastructure.

Article 12

At the request of their relevant authorities, the countries and territories may be eligible for the services of the Technical Centre for Agricultural and Rural Cooperation the objectives and tasks of which are described in Article 37 of the Convention.

Any costs resulting from services by the Centre for the benefit of the countries and territories which make use of them shall be financed from the funds provided for in Article 128 for whichever of the three zones those countries and territories belong to.

Chapter 2

Cooperation on agricultural commodities

Article 13

Given the extreme dependence of the economies of the vast majority of the countries and territories on their exports of agricultural commodities and the deterioration in the position of exports from the countries and territories on the markets in these products, coupled with the excessive fluctuations of their prices on the world market, cooperation with the countries and territories in this sector shall be continued, reinforced and intensified.

Article 14

To this effect, cooperation in the sector of agricultural commodities shall be planned and implemented in support of policies or strategies adopted by the relevant authorities of the countries and territories and aim, *inter alia*, to:

- support action by the countries and territories to restore and improve production and marketing conditions, involving research and training, investment, supply and production of inputs, extension work, as well as action in fields such as credit, storage, conservation and transport,
- help diversify production with a view to reducing external dependence and ensuring better adjustment to market demands,
- encourage local processing which will create added value in economically viable conditions,
- stimulate specific action to facilitate the marketing of products from the countries and territories,
- help train operators in the countries and territories to make better use of all the mechanisms of world commodity markets,
- stimulate and stabilize the commodities sector in the countries' and territories' economies,
- encourage a greater flow of private investment to this sector.

Article 15

These objectives shall be achieved by:

- (a) facilitating the pursuit of this Decision's objectives in the area of commodities;
- (b) striving actively to create the conditions most conducive to the development of production and the improvement of marketing;

- (c) making judicious use of all the instruments and resources of this Decision which may be of help to this sector.

TITLE II

DEVELOPMENT OF FISHERIES

Article 16

To encourage the development of the exploitation of the fishery resources of the countries and territories, all the mechanisms for assistance and cooperation provided for in this Decision, notably financial and technical assistance in accordance with the terms set out in Title II of Part Two of this Decision, shall be applied to fisheries.

The priority objectives of such cooperation shall be to:

- encourage the rational exploitation of the countries' and territories' fishery resources and the resources of the high seas in which the countries and territories and the Community share interests,
- increase the contribution of fisheries to rural development, giving importance to the role they play in strengthening food security and improving nutrition and rural living standards,
- increase the contribution of fisheries to industrial development by increasing catches, output and exports.

The management and development of fisheries may be based on fostering regional cooperation measures.

When developed in conformity with the specific legal system of each territory, such cooperation shall constitute implementation of Title VII of Part One of this Decision.

Article 17

In accordance with the objectives and principles set out in Article 16, Community aid for the development of fisheries shall include, *inter alia*, support for the following areas:

- (a) fisheries production, including the acquisition of boats, equipment and gear, the development of infrastructure for rural fishing communities and the fishing industry and support for aquaculture projects, notably by providing specific lines of credit to appropriate institutions in the countries and territories for onlending to the operators concerned,
- (b) fisheries management and protection, including the assessment of fish stocks and of aquaculture potential, the improvement of environmental monitoring and control and the development of the

capacities of the relevant authorities of the countries and territories for the management of the fishery resources in the exclusive economic zones located off the coasts of the OCT,

- (c) processing and marketing of fishery products, including the development of processing, collection, distribution and marketing facilities and operations; the reduction of post-harvest losses and the promotion of programmes to improve fish utilization and nutrition from fishery products,
- (d) training of nationals of the countries and territories in all areas of fisheries, the development and strengthening of the countries' and territories' research capabilities.

Article 18

Conservation and the optimum use of the living resources of the sea shall be achieved by direct or regional cooperation or, where appropriate, cooperation through international organizations.

TITLE III

INDUSTRIAL DEVELOPMENT

Article 19

Given that industrialization is a driving force in bringing about balanced and diversified economic and social development of the countries and territories and creating conditions conducive to the attainment of their collective self-reliance, industrial development in the countries and territories shall be promoted with a view to providing them with a framework for strengthening their development efforts and increasing their share of world trade.

Article 20

The aim of industrial cooperation between the Community and the countries and territories shall be, in particular, to derive full benefit from those countries' and territories' human and natural resources through the modernization of their societies, to create jobs, to generate and distribute income, to facilitate the transfer of technology and its adaptation to conditions in the countries and territories and their specific needs, to foster complementarity of the different branches of industry and between industry and the rural sector in order to make full use of that sector's potential, and to promote new relations of dynamic complementarity in the industrial field between the Community and the countries and territories.

Account shall be taken in industrial cooperation of the need to establish and strengthen an economic, technical, social and institutional environment conducive to indus-

trialization. Emphasis shall be placed on the development of all types of appropriate industries, training and cooperation between firms in the Member States of the Community and in the countries and territories.

In pursuit of these aims, recourse shall be had, in addition to the specific provisions on industrial cooperation, to those on trade, trade promotion for products of the countries and territories and private investment.

Article 21

In order to implement industrial cooperation, the Community shall help carry out programmes, projects and operations submitted to it on the initiative or with the agreement of the relevant authorities of the countries and territories. To this end, it shall use all the means provided in this Decision, notably those at its disposal under financial and technical cooperation and, in particular, those which are the responsibility of the European Investment Bank (hereinafter referred to as the 'Bank'), without prejudice to operations to assist countries and territories in mobilizing finance from other sources.

Industrial cooperation programmes, projects and operations which involve Community financing shall be implemented in conformity with Title II of Part Two of this Decision, having regard to the particular characteristics of aid operations in the industrial sector.

Article 22

The Community shall assist the countries and territories in the improvement of their institutional framework, reinforcement of their financing institutions, the establishment, rehabilitation and improvement of industry-related infrastructure and in their effort to integrate industrial structures and regional and interregional markets.

Article 23

On the basis of a request from the relevant authorities of a country or territory, the Community shall provide the assistance required in the field of industrial training at all levels, bearing notably on the evaluation of industrial training needs and the establishment of corresponding programmes, the setting-up and operation of industrial training establishments for a given country or territory or for the region, training for nationals of the countries or territories in appropriate establishments, on-the-job training both in the Community and in the countries and territories and also cooperation between industrial training establishments in the Community and in the countries and territories, and between the latter and those of other developing countries.

Article 24

The Community shall assist in the establishment and expansion of all types of viable enterprise which have been identified by the relevant authorities of the countries and territories as important in terms of their development objectives.

The Community and the countries and territories shall place special emphasis on the restoration, upgrading, reorganization or restructuring of existing industrial capacities which are viable but temporarily out of action or performing badly and also on the maintenance of plant and equipment and of enterprises and, for this purpose, industrial cooperation shall be focused on assistance for the start-up or rehabilitation of such enterprises and on the relevant forms of training at all levels.

Particular attention shall be paid to:

- industries for the domestic processing of the countries' and territories' raw materials,
- agro-industries,
- integral industries capable of creating links between the different sectors of the economy,
- industries which have a favourable effect on employment, the trade balance and regional integration.

Community financing shall take the form, as a matter of priority, of loans from the Bank on its own resources and of risk capital, these being the specific financing methods for industrial enterprises.

Article 25

The Community shall contribute to the development of cooperation among enterprises within the countries and territories, between those countries and territories and the Community and between the countries and territories and the ACP States by information and industrial promotion activities.

The aim of such activities shall be to intensify the regular exchange of information, organize the contacts required in the industrial sphere between industrial policy-makers, promoters and economic operators from the Community, the countries and territories and the ACP States, carry out studies, notably feasibility studies, facilitate the establishment and operation of industrial promotion bodies and foster joint investment, subcontracting arrangements and any other form of industrial cooperation between enterprises in the Member States of the Community, in the countries and territories and in the ACP States.

Article 26

The Community shall contribute to the establishment and development of small and medium-sized enterprises in the artisan, commercial, service and industrial sectors in view of the essential role that these enterprises play in the modern and informal sectors in building up a diversified economic fabric and in the general development of the countries and territories, and in view of the advantages they offer as regards the acquisition of skills, the integrated transfer and adaptation of appropriate technology and opportunities for taking the best advantage of local manpower. The Community can also help with sector evaluation and the establishment of action programmes, with the setting-up of appropriate infrastructure, and with the strengthening and operation of institutions providing information, promotion, extension, training, credit or guarantee and transfer-of-technology facilities.

The Community and the relevant authorities of the countries and territories shall encourage cooperation and contact between small and medium-sized enterprises in the Member States, the countries and territories and the ACP States.

Article 27

With a view to assisting the countries and territories to develop their technological base and indigenous capacity for scientific and technological development and facilitating the acquisition, transfer and adaptation of technology on terms that will seek to bring about the greatest possible benefits and minimize costs, the instruments of financial and technical cooperation shall be deployed to contribute, *inter alia*, to:

- (a) the establishment and strengthening of industry-related scientific and technical infrastructure in the countries and territories;
- (b) the drawing-up and implementation of research and development programmes;
- (c) the identification and creation of opportunities for collaboration among research institutes, institutions of higher learning and enterprises of the countries and territories, the ACP States, the Community, the Member States and other countries;
- (d) the establishment and promotion of activities aimed at the consolidation of appropriate indigenous technology and the acquisition of relevant foreign technology, in particular that of other developing countries;
- (e) the identification, evaluation and acquisition of industrial technology including the negotiation on favourable terms and conditions of foreign technology, patents and other industrial property, in particular through financing or through other suitable arrangements with firms and institutions within the Community;

- (f) providing advisory services for the preparation of regulations governing the transfer of technology and for the supply of available information, in particular on the terms and conditions of technology contracts, the types and sources of technology, and the experience of the countries and territories and other countries with the use of certain types of technology;
- (g) the promotion of technology cooperation among the countries and territories, and between them and the ACP States or other developing countries in order to make the best use of any particularly appropriate scientific and technical facilities the countries and territories may possess;
- (h) facilitating, wherever possible, access to and use of documentary and other data sources available in the Community.

Article 28

In order to enable the countries and territories to derive full benefit from the trade arrangements and other provisions of this Decision, promotion schemes shall be undertaken for the marketing of the countries' and territories' industrial products on both Community and other external markets, and also in order to stimulate and develop trade in industrial products among the countries and territories and between them and the ACP States. Such schemes shall cover market research, marketing and the quality and standardization of manufactured goods, in accordance with Articles 124 and 125, and taking into account Articles 48 and 49.

Article 29

At the request of their relevant authorities, the countries and territories may avail themselves of the services of the Centre for the Development of Industry, the objectives and tasks of which are described in Articles 71 and 72 of the Convention respectively.

Any costs resulting from services provided by the Centre for the benefit of the countries and territories which make use of them shall be financed from the funds provided for in Article 128 for whichever of the three zones those countries and territories belong to.

Article 30

In implementing this Title, special attention shall be paid by the Community to the specific needs and problems of the least-developed countries and territories, notably in the following areas:

- processing of raw materials,
- development, transfer and adaptation of technology,

- development and financing of schemes in favour of small and medium-sized industrial enterprises,
- development of industrial infrastructure and energy and mining resources,
- adequate training in the scientific and technical areas.

The Centre for the Development of Industry shall pay special attention to the specific problems that arise as regards promotion of industrialization activities of the least-developed countries and territories.

At the request of the relevant authorities of a country or territory classified as least developed, the Centre shall grant special assistance for identifying on the spot, examining, assessing, preparing, promoting and assisting in the implementation of industrial projects in the country or territory concerned.

TITLE IV

DEVELOPMENT OF MINING AND ENERGY POTENTIAL

Article 31

In view of the seriousness of the energy situation in the majority of the countries and territories, due partly to the crisis caused in many countries by dependence on imported petroleum products, cooperation in this area should be established with a view to finding solutions to their energy problems.

Particular emphasis shall be placed on energy programming, operations for saving and making efficient use of energy, reconnaissance of energy potential and the economically and technically appropriate promotion of new and renewable sources of energy.

Article 32

The Community shall promote the development of the countries' and territories' conventional and non-conventional energy potential and their self-sufficiency, and shall pursue the following goals in particular:

- (a) promoting economic development by exploiting domestic and regional energy resources;
- (b) improving living conditions in urban and suburban areas and in rural communities by taking due account of the energy component in the various cooperation measures;
- (c) protecting the natural environment, notably by mitigating the impact of population pressure on biomass consumption.

Article 33

In order to attain the abovementioned objectives, energy cooperation schemes may, at the request of the relevant authorities of the countries or territories concerned, be focused on:

- (a) collection, analysis and dissemination of relevant information;
- (b) strengthening the countries' and territories' management and control of their development objectives in order to enable them to appraise energy demand and supply options and to achieve strategic energy planning, *inter alia* by supporting energy programming and providing technical assistance for departments responsible for the planning and execution of energy policies;
- (c) analysing the energy implications of development projects and programming, taking account of the energy savings required and of opportunities for primary source substitution, particularly by having recourse to new and renewable energy sources;
- (d) implementing suitable programmes involving small and medium-scale energy development projects;
- (e) enhancing investment potential for the exploration and development of domestic and regional energy sources as well as for the development of sites of exceptional energy production permitting the establishment of energy-intensive industry;
- (f) promoting research, adaptation and dissemination of appropriate technology as well as the training needed to meet manpower needs in the energy sector;
- (g) stepping up the countries' and territories' research and development capacities, particularly as regards the development of new and renewable sources of energy;
- (h) upgrading the basic infrastructure necessary for the production, transmission, transport and distribution of energy;
- (i) encouraging energy cooperation among countries and territories and between them and the ACP States, without excluding operations between countries, territories, ACP States and other, neighbouring States receiving Community aid.

Article 34

The aims of cooperation in mining shall be to help develop the mining industry of the countries and territories concerned so as to ensure a satisfactory return from mining operations, for the overall development of those countries and territories. The various means of

action in this field available by virtue of this Decision, as well as other Community instruments where appropriate, shall be used in coordinated fashion.

Article 35

At the request of the relevant authorities of one or more countries or territories, the Community shall carry out technical assistance or training activities to strengthen their scientific and technical capacity in the fields of geology and mining in order that they may derive greater benefit from available know-how and direct their exploration and prospecting programmes accordingly.

Article 36

With a view to diversification, the Community shall participate as appropriate, through its technical and financial assistance programmes, with the countries and territories in their prospecting and exploration efforts at all stages, both onshore and on the continental shelf, as defined in international law.

Where appropriate, the Community shall also give its technical and financial assistance to the establishment of local or regional exploration funds in the countries and territories.

Article 37

With the aim of supporting efforts to exploit the countries' and territories' mining resources, the Community shall contribute towards the support of projects to rehabilitate, maintain, rationalize and modernize economically viable production units in order to make them more operational and more competitive.

It shall also contribute to the identification, drawing-up and implementation of new viable projects, including small and medium-scale projects, to an extent compatible with investment and management capacities as well as market trends, taking particular account of the financing of feasibility and pre-investment studies.

It shall also support efforts of the countries and territories to reinforce back-up infrastructure and assist with fitting mining operations into the social and economic fabric of the countries and territories concerned.

Article 38

The objectives set out above may be achieved by the grant of Community technical and financial assistance to help with the exploitation of the countries' and territories' mining and energy potential in accordance with the procedures peculiar to each of the instruments at the Community's disposal and in accordance with this Decision.

In the sphere of research and investment preparatory to the launching of energy and mining projects, the Community may give assistance in the form of risk capital, possibly in conjunction with contributions of capital from the Member States, countries or territories concerned and other sources of financing in accordance with the procedures laid down in Article 131.

The resources referred to in these provisions may be supplemented, for projects of mutual interest, by:

- (a) other Community financial and technical resources;
- (b) action aimed at the mobilization of public and private capital, including cofinancing.

Article 39

The Bank may, in accordance with its Statute, commit its own resources on a case-by-case basis beyond the amount fixed in Article 127 in mining and energy investment projects recognized by the relevant authority of the country or territory concerned and by the Community as being of mutual interest.

TITLE V

TRANSPORT AND COMMUNICATIONS

Article 40

1. Cooperation in the area of transport shall be aimed at the development of road transport, railways, port installations and shipping, transport by domestic waterways and air transport.
2. Cooperation in the area of communications shall be aimed at the development of postal services and telecommunications, including radiocommunications.
3. Cooperation in these areas shall be directed particularly towards the following objectives:
 - (a) the creation of conditions fostering the movement of goods, services and persons at local, regional and international level;
 - (b) the provision, rehabilitation, maintenance and efficient operation of cost-effective systems serving the requirements of social and economic development and adjusted to the needs of users and to the overall economic situation of the countries and territories concerned;
 - (c) greater complementarity of transport and communications systems at local, regional and international level;
 - (d) the harmonization of the local systems installed in countries and territories, while facilitating their adjustment to technological progress;

- (e) the reduction of barriers to transport and communications between countries, territories and States, in terms of legislation, regulations and administrative procedures.

Article 41

1. In all cooperation projects and programmes in the fields concerned, efforts shall be made to ensure the appropriate transfer of technology and know-how.

2. Particular attention shall be given to training nationals of the countries and territories in the planning, management, maintenance and operation of the transport and communications systems.

Article 42

In the framework of financial and technical assistance for shipping, special attention shall be given to technology transfer, including multimodal transport and containerization, to the promotion of joint ventures and, notably through vocational training, to the setting-up of appropriate legislative and administrative infrastructure and the improvement of port management, to the development of inter-island shipping services and connecting infrastructure and to increased cooperation with economic operators.

The procedures for technical assistance for insurance shall be those provided for in the framework of the development of trade and services.

Article 43

Areas for cooperation in this sector may be shipping safety, security of crews and the prevention of pollution.

Article 44

In the field of cooperation on communications, particular attention shall be paid to technological development in supporting the countries' and territories' efforts to establish and develop effective systems. This includes studies and programmes concerning satellite communication, where this is justified by operational considerations, in particular at regional and sub-regional level. Cooperation shall also cover means of observation of the earth by satellite in the fields of meteorology and remote sensing.

Article 45

Particular importance shall be attached to telecommunications in rural areas, in order to stimulate their economic and social development.

Article 46

In all fields of transport and communications particular attention shall be given to the specific needs of the least-developed countries and territories.

Article 47

Cooperation activities in the transport and communications fields shall be carried out in accordance with the provisions and procedures laid down in Title III of Part Two.

TITLE VI

DEVELOPMENT OF TRADE AND SERVICES

Article 48

With a view to attaining the objectives set out in Article 69, the Community shall implement measures for the development of trade and services at all stages up to final distribution of the product.

The object is to ensure that the countries and territories derive maximum benefit from the provisions of this Decision in the fields of trade, agricultural and industrial cooperation, and may participate under the most favourable conditions in the Community, domestic, regional and international markets by diversifying the range and increasing the value and volume of countries' and territories' trade in goods and services.

Article 49

1. In promoting the development of trade and services, including tourism, in addition to developing trade between the countries and territories, the ACP States and the Community, particular attention shall be given to operations designed to increase the countries' and territories' ability to develop trade among themselves and between themselves and ACP States and improve regional cooperation in trade and services.

2. Operations shall be undertaken at the request of the relevant authorities of the countries and territories, particularly in the following areas:

- the establishment of a coherent trade strategy,
- basic and further vocational training of personnel engaged in the fields of trade and services,
- the establishment and strengthening of organizations in the countries and territories whose task it is to develop trade and services,

- increasing contacts and exchange of information between economic operators, including participation in fairs and exhibitions,

- support for the countries' and territories' efforts to improve the quality of their products, adapt them to market requirements and diversify their outlets,

- support for the countries' and territories' efforts to improve service infrastructure, including transport and storage facilities.

3. Participation of the least-developed countries and territories in the various activities to develop trade and services, including tourism, shall be encouraged by special provisions, such as the payment of travel expenses of personnel and costs of transporting articles and goods that are to be exhibited, on the occasion of their participation in fairs and exhibitions.

Article 50

Action for the development of trade and services shall include specific cooperation in the field of tourism. The purpose of such cooperation shall be to support the countries' and territories' efforts to improve services in this industry. Particular attention shall be given to the need to integrate tourism into the social, cultural and economic life of the people in accordance with Articles 67 and 68.

Article 51

Financial and technical cooperation, in accordance with the procedures and regulations laid down in Title III of Part Three, may be applied to tourism development measures at both national and regional levels. In addition to the main guidelines set out in Articles 48 and 49 and to the provisions for the development of small and medium-sized enterprises and artisan activities set out in Article 26, these measures shall cover, *inter alia*, the following areas:

- development, rehabilitation and maintenance of tourist facilities, such as important sites and monuments,

- training in specific skills in tourism planning and development,

- marketing, including participation in international fairs and exhibitions, promotion and publicity,

- research and development activities related to the development of the tourist industry,

- collection, analysis, dissemination and utilization of quantitative and qualitative tourism data,

— cooperation among countries and territories and between them and ACP States in the field of tourism.

Article 52

Within the framework of the instruments provided for in this Decision and in accordance with Articles 48 and 49, assistance for the development of trade and services shall include technical assistance for the establishment and development of insurance and credit institutions in connection with trade development.

Article 53

In addition to the appropriations which, within the framework of the indicative programmes referred to in Article 147, may be allocated by the relevant authorities of each country or territory to the financing of operations to develop the fields referred to in Articles 48 to 52, the contribution of the Community to the financing of such operations, where they are of a regional nature, may be charged against the funds provided under Article 65 for the financing of regional projects.

TITLE VII

REGIONAL COOPERATION

Article 54

The Community shall support the efforts of the relevant authorities of the countries and territories to promote collective social, cultural and economic development and greater regional self-sufficiency.

This support shall take into account the specific legal arrangements of the countries and territories concerned.

Article 55

1. Regional cooperation shall cover operations agreed on between:

- two or more countries or territories,
- one or more countries or territories and one or more neighbouring States, countries or territories, whether or not they are ACP States,
- two or more regional bodies of which countries and territories are members,
- one or more countries and territories and regional bodies of which countries or territories are members.

2. Where regional cooperation involves countries or territories located in the same region as territories in which the Treaty establishing the European Economic Community applies, the Community's interests and specific development prospects in that region shall be taken into account.

3. Regional cooperation may also cover operations agreed upon by two or more countries or territories and one or more non-neighbouring developing countries and, when special circumstances so warrant, between one country or territory and one or more non-neighbouring developing countries.

Article 56

In the context of regional cooperation, special attention shall be paid to:

- (a) evaluation and utilization of existing and potential dynamic complementarities in all relevant sectors;
- (b) maximization of the use of human resources as well as the optimum and judicious exploration, conservation, processing and exploitation of the countries' and territories' natural resources;
- (c) acceleration of economic diversification and intensification of cooperation and development within and between the regions of the countries and territories;
- (d) promotion of food security;
- (e) strengthening a network of relations among individual countries and territories or groups of countries and territories which have common characteristics, affinities and problems in order to solve such problems;
- (f) making the fullest use of economies of scale wherever a regional solution is more efficient than a solution at the level of a single country or territory;
- (g) expansion and integration of countries' and territories' markets by promoting trade among them, and between them and neighbouring third countries, by liberalizing their trade and eliminating tariff, monetary and administrative barriers;
- (h) any action in support of regional integration.

Article 57

Account being taken of the objectives and inherent characteristics of regional cooperation, projects and programmes undertaken in this sphere shall be governed by the arrangements and procedures established for financial and technical cooperation where they apply to that context.

Article 58

The Community shall provide financial and technical assistance to regional bodies, or for the creation of new ones, where they are essential for attaining the objectives of regional cooperation.

Article 59

A regional operation is one which helps directly to solve a development problem common to two or more countries through joint schemes of coordinated local schemes and which meets at least one of the following criteria:

- (a) because of its nature or physical characteristics, it necessarily extends beyond the boundaries of one country or territory and cannot be carried out by a single country or territory nor be divided up into local operations to be undertaken by each country or territory on its own account;
- (b) the regional formula makes it possible to achieve significant economies of scale in relation to operations conducted at the level of a single country or territory;
- (c) the operation does not satisfy criterion (a) or (b) but the accompanying costs and benefits are unequally shared out among the beneficiary countries.

Article 60

Without prejudice to Article 59, the amount of the Community contribution under regional cooperation shall, in respect of operations which could be undertaken partly at local level, be determined on the basis of the following factors:

- (a) the operation strengthens cooperation between the countries or territories concerned at the level of authorities, institutions or enterprises, or through regional bodies, or by removing obstacles whether financial or in the form of regulations;
- (b) two or more countries have entered into mutual commitments in respect of an operation, notably as regards the distribution of the facilities, investment and the running thereof;
- (c) the operation is the regional expression of a sectoral strategy.

Article 61

1. Requests for financing from the funds earmarked for regional cooperation shall be presented by the relevant authorities of each country or territory participating in a regional operation.

2. Wherever a regional cooperation scheme is such as to be of interest to other countries, territories or ACP States, the Commission shall inform them, in agreement with the relevant authorities of the applicant countries or territories. The countries and territories interested shall then confirm whether they intend to participate.

Notwithstanding this procedure, the Commission shall examine without delay any request for financing as long as it has been presented by at least two countries or territories. The financing decision will be taken once the countries consulted have communicated their intention.

3. Where a single country or territory is associated with countries not covered by this Decision, as provided for in Article 55, its request alone shall suffice.

4. Regional cooperation bodies may present requests for the financing of one or more specific regional cooperation schemes on behalf and with the explicit agreement of the relevant authorities of the countries and territories concerned.

5. Each request for regional cooperation funding must include, where applicable, proposals concerning:

- (a) the ownership of the goods and services to be financed as part of the operation and the division of responsibilities for operation and maintenance;
- (b) the choice of the regional authorizing officer and the authority or body empowered to sign the financing agreement on behalf of all the participating countries, territories or bodies.

Article 62

The countries, territories or regional bodies participating in a regional operation with third countries as provided for in Article 55 may request the Community to finance that part of the operation for which they are responsible or a part in proportion to the benefits they derive from the operation.

Article 63

Where an operation is financed by the Community through a regional cooperation body, the financing terms applicable to the final beneficiaries shall be agreed between the Community and that body in agreement with the countries or territories concerned.

Article 64

With a view to encouraging regional cooperation between them, the least-developed countries and territories shall be given priority in any project involving at least one country or territory in that category.

Article 65

Of the financial resources earmarked in Article 127 for the social, cultural, and economic development of the countries and territories, an amount of 10 million ECU shall be reserved for the financing of their regional projects and programmes.

Article 66

The scope of regional cooperation shall, having regard to Article 56, include the following:

- (a) agriculture and rural development, notably food self-sufficiency and food security;
- (b) health programmes, including education, training, research and information related to primary health care and control of major diseases, including animal diseases;
- (c) evaluation, development, exploitation and preservation of fishery and marine resources;
- (d) preservation and improvement of the environment, especially through programmes to combat erosion, coastal degradation and marine pollution with a view to ensuring rational and ecologically balanced development;
- (e) industrialization, including the setting-up of regional undertakings including interregional, production and marketing enterprises;
- (f) exploitation of natural resources, notably the production and distribution of energy;
- (g) transport and communications, namely roads, railways, air and sea transport, inland waterways, postal services and telecommunications;
- (h) development and expansion of trade;

- (i) education and training, research, science and technology, information and communication, the establishment and reinforcement of training and research institutions and technical bodies responsible for technology exchanges as well as cooperation among universities;
- (j) tourism, including the establishment and strengthening of tourist promotion centres;
- (k) cultural and social cooperation activities.

TITLE VIII

CULTURAL AND SOCIAL COOPERATION

Article 67

Cooperation shall contribute to development centred on man himself and rooted in each people's culture. It shall back up the policies and measures adopted by the relevant authorities of the countries and territories to enhance their human resources, increase their own creative capacities and promote their cultural identities. It shall foster participation by the population in the process of development.

Article 68

Given the situation peculiar to the different countries and territories, account shall be taken in the implementation of this Decision of the objectives, criteria and priorities of cultural and social cooperation as set out in Title VIII of Part Two of the Convention.

PART TWO

THE INSTRUMENTS OF EEC-OCT COOPERATION

TITLE I

TRADE COOPERATION

Chapter 1

General trade arrangements

Article 69

1. In the field of trade cooperation, the object of this Decision is to promote trade between the countries and territories and the Community, taking account of their

respective levels of development, and also among the countries and territories themselves.

2. In the pursuit of this objective, particular regard shall be had to securing effective additional advantages for the countries' and territories' trade with the Community and to improving the conditions of access for their products to the market in order to accelerate the growth of their trade and, in particular, of the flow of their exports to the Community and to ensure a better balance in the trade of the parties concerned.

3. To this end, the parties concerned shall apply the provisions of this Title and the other appropriate measures under Title III of this Part and under Part One of this Decision.

Article 70

1. Products originating in the countries and territories shall be imported into the Community free of customs duties and charges having equivalent effect.

2. (a) Products originating in the countries and territories:

— listed in Annex II to the Treaty where they come under a common organization of the market within the meaning of Article 40 of the Treaty, or

— subject, on import into the Community, to specific rules introduced as a result of the implementation of the common agricultural policy,

shall be imported into the Community, notwithstanding the general arrangements applied in respect of third countries, in accordance with the following provisions:

(i) products for which Community provisions in force at the time of import do not provide, apart from customs duties, for the application of any measure relating to their import, shall be imported free of customs duties;

(ii) for products other than those referred to under (i), the Community shall take the necessary measures to ensure more favourable treatment than that granted to third countries benefiting from the most-favoured-nation clause for the same products.

(b) If, during the period of application of this Decision, the relevant authorities of the countries and territories consider that new lines of agricultural production or agricultural products that are not the subject of specific arrangements when this Decision enters into force warrant such arrangements, the Commission shall, where appropriate, present a proposal to the Council.

(c) Notwithstanding the above, the Council shall, in the context of the special relations and special nature of cooperation between the Community and the countries and territories, examine, on a case-by-case basis, the requests from the relevant authorities of the countries and territories for preferential access for their agricultural products to the Community market, and shall notify its decision on these reasoned requests within a period not exceeding six months of the date of their submission to the Commission.

Within the context of the provisions of (a) (ii), the Community shall take its decisions in particular with reference to concessions granted to developing third countries. It shall take account of the possibilities offered by the off-season market.

(d) The arrangements referred to in (a) shall enter into force at the same time as this Decision and shall remain applicable for the duration of its validity.

However, if during the period of application of this Decision, the Community:

— subjects one or more products to common organization of the market or to specific rules introduced as a result of the implementation of the common agricultural policy, it shall reserve the right to adapt the import treatment for those products originating in the countries and territories. In such cases, the provisions of (a) shall be applicable,

— modifies the common organization of the market in a particular product or the specific rules introduced as a result of the implementation of the common agricultural policy, it shall reserve the right to modify the arrangements laid down for products originating in the countries and territories. In such cases, the Community shall undertake to ensure that products originating in the countries and territories continue to enjoy an advantage comparable to that previously enjoyed in relation to products originating in third countries benefiting from the most-favoured-nation clause.

Article 71

1. The Community shall not apply to imports of products originating in the countries and territories any quantitative restrictions or measures having equivalent effect.

2. However, paragraph 1 shall apply without prejudice to the import arrangements for the products referred to in the first indent of Article 71 (2) (a).

Article 72

1. Article 71 shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security, the protection of the health and life of humans, animals and plants, the protection of national treasures possessing artistic, historic or archaeological value or the protection of industrial and commercial property.

2. Such prohibitions or restrictions shall in no case constitute a means of arbitrary discrimination or a disguised restriction on trade generally.

Article 73

1. This Decision shall not prejudice the treatment that the Community applies to certain products in implementation of international commodity agreements of which the Community is a signatory.

2. This Decision shall be applied in respect of Greenland in conformity with the conditions laid down in the Protocol on special arrangements for Greenland annexed to the Treaty amending, with regard to Greenland, the Treaties establishing the European Communities ⁽¹⁾.

Article 74

1. The relevant authorities of a country or territory may retain or introduce, in respect of imports of products originating in the Community or in other countries or territories, such customs duties or quantitative restrictions as they consider necessary in view of the present development needs of that country or territory.

2. (a) The trade arrangements applied to the Community by the countries and territories may not give rise to any discrimination between Member States nor be less favourable than most-favoured-nation treatment.

(b) The provisions of (a) shall not preclude a country or territory from granting certain other countries or territories or other developing countries more favourable treatment than that accorded to the Community.

Article 75

1. Denmark, France, the Netherlands and the United Kingdom shall communicate to the Commission, within a period of three months following the entry into force of this Decision, the customs tariffs of the countries and territories with which they have special relations.

Any customs duties and charges having equivalent effect that are still applicable to products originating in the Community and in the other countries and territories shall be specified in this communication.

The Member States concerned shall also communicate to the Commission any subsequent amendments to the customs tariffs of the countries and territories as and when they are made.

2. The Commission shall communicate to the Member States the customs tariffs of the countries and territories and any subsequent amendments thereto and, where appropriate, shall inform the Council of its observations on them.

3. At the request of a Member State or of the Commission, consultations shall be held within the Council on these tariffs or amendments thereto.

Article 76

1. Denmark, France, the Netherlands and the United Kingdom shall communicate to the Commission, within a period of three months following the entry into force of this Decision, the lists of quantitative restrictions and measures having equivalent effect retained by the countries and territories with which they have special relations.

The Member States concerned shall also communicate to the Commission any subsequent amendments to such measures.

2. The Commission shall communicate to the Member States the lists referred to in paragraph 1 and any subsequent amendments thereto and, where appropriate, shall inform the Council of its observations on them.

3. At the request of a Member State or of the Commission, consultations shall be held within the Council on the quantitative restrictions and measures having equivalent effect applied by the countries and territories.

Article 77

1. For the purposes of implementing this Chapter, the concept of originating products and the methods of administrative cooperation relating thereto are laid down in Annex II.

2. The Council, acting unanimously on a recommendation from the Commission, shall adopt any amendment to Annex II.

3. If, for any product, the concept of originating products has not been defined pursuant to one of the above paragraphs, the Community and the relevant authorities of the countries and territories shall continue to apply their own rules.

Article 78

1. With regard to commercial policy, Denmark, France, the Netherlands and the United Kingdom shall, each for its part, inform the Commission of any measures taken regarding trade between the countries and territories and third countries. The Commission shall inform the other Member States thereof.

2. At the request of a Member State or of the Commission, consultations shall be held within the Council if such measures might be prejudicial to the interests of one or more Member States or of the Community.

Article 79

1. If, as a result of the application of this Decision, serious disturbances occur in a sector of the economy of the Community or of one or more of its Member States, or their external financial stability, is jeopardized or if difficulties arise which may result in a deterioration in a sector of the Community's activity or in a region of the Community, the Commission may, in accordance with the procedure specified in Annex III, take, or authorize the Member State concerned to take, the necessary safeguard measures.

2. For the purpose of implementing paragraph 1, priority shall be given to such measures as would least disturb the functioning of the association and the Community. These measures shall not exceed the limits of what is strictly necessary to remedy the difficulties that have arisen.

⁽¹⁾ OJ No L 29, 1. 2. 1985, p. 1.

Chapter 2

Special undertakings on rum and bananas

Article 80

Until the entry into force of a common organization of the market in spirits, and notwithstanding the provisions of Article 70 (1), entry into the Community of products of subheading 22.09 C I — rum, arrack, tafia — originating in the countries and territories shall be governed by the provisions of Annex V.

Article 81

In order to permit the improvement of the conditions under which bananas originating in the countries and territories are produced and marketed, the Community hereby agrees to the objectives set out in Annex IV.

Article 82

This Chapter and Annexes IV and V shall not apply to relations between the countries and territories and the French overseas departments.

TITLE II

COOPERATION IN THE FIELD OF COMMODITIES

Chapter 1

Stabilization of export earnings from agricultural commodities

Article 83

1. With the aim of remedying the harmful effects of the instability of export earnings and to help the countries and territories overcome one of the main obstacles to the stability, profitability and sustained growth of their economies, to support their development efforts and to enable them in this way to ensure economic and social progress for their peoples by helping to safeguard their purchasing power, a system shall be operated to guarantee the stabilization of export earnings, in accordance with Article 96, derived from the countries' and territories' exports to the Community or other destinations, as defined in Article 86, of products on which their economies are dependent and which are affected by fluctuations in price or quantity or both these factors.

2. In order to attain these objectives, transfers shall be devoted to maintaining financial flows in the sector in question or, for the purpose of promoting diversification, directed towards other appropriate sectors and used for economic and social development.

Article 84

1. The following products shall be covered:

	NIMEXE code
1. Groundnuts, shelled or not	12.01-31 to 12.01-35
2. Groundnut oil	15.07-74 and 15.07-87
3. Cocoa beans	18.01-00
4. Cocoa paste	18.03-10 to 18.03-30
5. Cocoa butter	18.04-00
6. Raw or roasted coffee	09.01-11 to 09.01-17
7. Extracts, essences or concentrates of coffee	21.02-11 to 21.02-15
8. Cotton, not carded or combed	55.01-10 to 55.01-90
9. Cotton linters	55.02-10 to 55.02-90
10. Coconuts	08.01-71 to 08.01-75
11. Copra	12.01-42
12. Coconut oil	15.07-29, 15.07-77 and 15.07-92
13. Palm oil	15.07-19, 15.07-61 and 15.07-63
14. Palm nut and kernel oil	15.07-31, 15.07-78 and 15.07-93
15. Palm nuts and kernels	12.01-44
16. Raw hides and skins	41.01-11 to 41.01-95
17. Bovine cattle leather	41.02-05 to 41.02-98
18. Sheep and lamb skin leather	41.03-10 to 41.03-99
19. Goat and kid skin leather	41.04-10 to 41.04-99
20. Wood in the rough	44.03-20 to 44.03-99
21. Wood roughly squared or half-squared, but not further manufactured	44.04-20 to 44.04-98
22. Wood sawn lengthwise, but not further prepared	44.05-10 to 44.05-79
23. Fresh bananas	08.01-31
24. Tea	09.02-10 to 09.02-90
25. Raw sisal	57.04-10
26. Vanilla	09.05-00
27. Cloves — whole fruit, cloves and stems	09.07-00
28. Sheep's or lambs' wool, not carded or combed	53.01-10 to 53.01-40
29. Fine animal hair of Angora goats — mohair	53.02-95
30. Gum arabic	13.02-91
31. Pyrethrum — flowers, leaves, stems peel and roots; saps and extracts from pyrethrum	12.07-10 and 13.03-15
32. Essential oils not terpenes, of cloves of niaouli and of ylang-ylang	33.01-23
33. Sesame seed	12.01-68
34. Cashew nuts and kernels	08.01-77
35. Pepper	09.04-11 and 09.04-70
36. Shrimps and prawns	03.03-43
37. Squid	03.03-68
38. Cotton seeds	12.01-66
39. Oil-cake	23.04-01 to 23.04-99
40. Rubber	40.01-20 to 40.01-60
41. Peas	07.01-41 to 07.01-43, 07.05-21 and 07.05-61

	NIMEXE code
42. Beans	07.01-45 to 07.01-47, 07.05-25, 07.05-65 and ex 07.05-99
43. Lentils	07.05-30 and 07.05-70
44. Nutmeg	09.08-13, 09.08-16 and 09.08-60
45. Mace	09.08-70
46. Shea nuts	12.01-70
47. Shea nut oil	ex 15.07-82 and ex 15.07-98
48. Mangoes	ex 08.01-99
49. Dried bananas	08.01-35 II

2. Upon presentation of each transfer request the country or territory shall choose between the following systems:

- (a) each product listed in paragraph 1 shall constitute a product within the meaning of this Chapter;
- (b) products groups 1 and 2, 3 to 5, 6 and 7, 8 and 9, 10 to 12, 13 to 15, 16 to 19, 20 to 22, 23 and 49, 44 and 45, 46 and 47 shall each constitute a product within the meaning of this Chapter.

Article 85

If, 12 months after the entry into force of this Decision, one or more products not contained in the list in Article 84, but upon which the economies of one or more countries or territories depend to a considerable extent, are affected by sharp fluctuations, the Council shall decide, not later than six months after the presentation of a request by the relevant authorities of the country(ies) or territory(ies) concerned, whether or not to include the said product or products in the list, taking account of factors such as employment, deterioration of the terms of trade between the Community and the country(ies) or territory(ies) concerned and the level of development of the country(ies) or territory(ies) concerned and the conditions which characterize products originating in the Community.

Article 86

1. The system shall apply to earnings from exports:
 - (a) by each country or territory, to the Community, of each product listed in Article 84;
 - (b) by the countries or territories already benefiting from the derogation referred to in paragraph 2, to the other countries and territories and the ACP States, of each product listed in Article 84 for which such derogation has been granted;
 - (c) by the countries and territories already benefiting from the derogation referred to in paragraph 3, to all destinations, of each product listed in Article 84.
2. If so requested by the relevant authorities of one or more countries or territories in respect of one or more of

the products listed in Article 84, the Council may decide, on the basis of a proposal drawn up by the Commission in conjunction with the relevant authorities of the requesting country(ies) or territory(ies), and not later than six months after presentation of the request, to apply the system to exports of the products in question from the said country(ies) or territory(ies) to other countries or territories or ACP States.

3. At the request of the relevant authorities of a country or territory which does not send the bulk of its exports to the Community, the Council may decide, on the basis of a proposal drawn up by the Commission in conjunction with the relevant authorities of the requesting country or territory, and not later than six months after presentation of the request, that the system shall apply to its exports of the products in question whatever their destination.

Article 87

The relevant authorities of each country or territory concerned shall certify that the products to which the system applies have originated in its territory within the meaning of Article 2 of Annex II.

Article 88

For the purposes specified in Article 83, the Community shall allocate to the system, for the duration of this Decision, an amount of 5 million ECU to cover all its commitments under the system and those resulting from the facility for the mining sector referred to in Chapter 2. This amount shall be managed by the Commission.

Article 89

1. The overall amount referred to in Article 88 shall be divided into a number of equal annual instalments corresponding to the number of years of application.
2. Whatever balance remains at the end of each of the first four years of application of this Decision shall be carried forward automatically to the following year.

Article 90

The resources available for each year of application are made up of the sum of the following:

1. the annual instalment, minus any amounts used under Article 91 (1);
2. the sums carried forward under Article 89 (2);
3. the amounts replenished under Articles 107 to 109;
4. any amounts made available under Article 91 (1).

Article 91

1. If the total amount of the transfer basis in a year of application, as calculated in accordance with Article 94 (2) and where appropriate reduced in accordance with Article 100, exceeds the amount of resources available in the system for that year, advance use shall be made automatically, for each year except the last, of a maximum of 25 % of the following year's instalment.

2. If, after the measure referred to in paragraph 1, the amount of resources available is still less than the total amount of the transfer bases for the same year of application, the amount of each transfer basis shall be reduced by an amount calculated by applying to the reference level in question a percentage equal to that referred to in Article 98 applicable to the country or territory concerned.

If, after this reduction, the total amount of the transfer bases so calculated is less than the amount of resources available, the remainder shall be shared among all the transfers in proportion to the percentage by which each transfer was reduced.

3. If, after the reduction referred to in paragraph 2, the total amount of the transfers which may give rise to payments exceeds the amount of available resources, the Council may, on a proposal from the Commission, further reduce the amounts to be transferred.

Article 92

Not later than 12 months following expiry of the period referred to in Article 88, the Council shall decide on the use of any balance remaining from the overall amount referred to in Article 88 and on the conditions for future use of any amounts still to be paid by way of replenishment by the countries and territories under Articles 107 to 109, following expiry of the period referred to in Article 88.

Article 93

Every request for a transfer shall, in addition to the necessary statistical data, include substantial information on the loss of earnings and also the programmes and operations to which the relevant authorities of a country or territory have allocated or undertake to allocate the funds in accordance with the objectives set out in Article 83.

Such request shall be addressed to the Commission, which shall examine it in conjunction with the relevant authorities of the country or territory concerned, with a view to calculating the amount of the transfer basis and any reduction which may be made pursuant to Article 100.

Article 94

1. In order to implement the system, a reference level and a transfer basis shall be calculated for each country or territory and for exports of each product to the Community and other destinations as defined in Article 86.

2. The difference between the reference level and actual earnings, plus 2 % for statistical errors and omissions, shall constitute the basis of the transfer.

3. This reference level shall correspond to the average of export earnings in the four years preceding each year of application.

4. Where, however, a country or territory:

- begins processing a product traditionally exported in the raw state, or
- begins exporting a product which it did not traditionally produce,

the system may be put into operation on the basis of a reference level calculated over the three years preceding the year of application.

Article 95

1. In the case of the countries or territories accorded the derogation referred to in Article 86 (3), the transfer basis shall be calculated according to the earnings from exports of the product or products concerned to all destinations.

2. In the case of the countries or territories not accorded the derogation referred to in Article 86 (3), the transfer basis may in no case exceed those calculated pursuant to paragraph 1.

Article 96

1. The export earnings for each year of the reference period and for the year of application shall be determined on the basis of the equivalent in the currency of the country or territory concerned of the earnings expressed in foreign exchange.

2. The reference level shall be calculated after the export earnings for each year of the reference period have been converted into ECU at the average annual exchange rate for the ECU against the currency of the country or territory concerned for the year in question.

3. For the purpose of the calculation referred to in Article 94 (2), the earnings for the year of application shall be converted into ECU at the average annual exchange rate for the ECU against the currency of the country or territory concerned for the year of application.

4. If there is a fluctuation of more than 10 % in the annual average exchange rate of the year of application for the currency of the country or territory concerned against the ECU in relation to the average of the average annual exchange rates for each year of the reference period, the earnings for the year of application shall be converted into ECU, by way of derogation from paragraph 3 and without prejudice to paragraph 2, at a rate set at a level which restricts the fluctuation to 10 % in relation to the said average.

Article 97

1. The system shall apply to the earnings from a country's or territory's exports of the products listed in Article 84 if, during the year preceding the year of application, earnings from the export of each product to

all destinations, re-exports excluded, represented at least 6 % of its total earnings from exports of goods. The percentage shall be 4,5 % in the case of sisal.

2. For the least-developed countries and territories, the percentage referred to in paragraph 1 shall be 1,5 %.

3. Where, following a natural disaster, a substantial fall in production of the product in question is recorded during the year preceding the year of application, the percentage referred to in paragraph 1 shall be calculated on the basis of the average export earnings from that product during the first three reference years instead of on the basis of total export earnings during the year preceding the year of application.

A substantial fall in production shall be taken to mean at least 50 % of the average production during the first three reference years.

Article 98

1. A country or territory shall be entitled to request a transfer if, on the basis of the results of one calendar year, its actual earnings, as defined in Article 101, from its exports of each product to the Community and, in the cases referred to in Article 86 (1) (b), to other countries or territories or ACP States or, in the cases referred to in Article 86 (1) (c), to all destinations, are at least 6 % below the reference level.

2. The percentage given in paragraph 1 shall be 1,5 % for the least-developed countries and territories.

Article 99

Requests for transfers shall be inadmissible in the following cases:

- (a) if the request is presented after 31 March of the year following the year of application;
- (b) if it emerges from the examination of the request, to be undertaken by the Commission in conjunction with the relevant authorities of the country or territory concerned, that the fall in earnings from exports to the Community is the result of a trade policy of those authorities adversely affecting exports to the Community in particular.

Article 100

Should examination of the trend of exports to all destinations and of production of the product in question in the country or territory concerned and of demand in the Community reveal significant changes, consultations shall take place between the Commission and the relevant authorities of the requesting country or territory to determine whether the transfer basis is to be maintained or reduced and, if the latter, to what extent.

Article 101

1. The system shall be implemented in respect of the products listed in Article 84 where they are:

- (a) released for home use in the Community; or
- (b) brought into the Community under the inward processing arrangements in order to be processed.

2. The export earnings to be taken into account shall be those obtained by multiplying the unit values for the exports of the country or territory in question, as given in the statistics of that country or territory, by the quantities imported by the Community, as shown in Community statistics.

3. With regard to the products for which a country or territory is accorded the derogation referred to in Article 86 (2) and (3), the export statistics adopted shall be those of the country or territory concerned.

Article 102

1. In order to ensure that the stabilization system functions efficiently and rapidly, statistical and customs cooperation shall be instituted between the relevant authorities of the countries and territories and the Commission.

2. To this end, each country or territory shall notify the Commission, by sending monthly statistics on the volume and value of total exports and exports to the Community and, where available, on the volume of marketed production, for each product on the list in Article 84 to which the system may apply.

3. The relevant authorities of the countries and territories and the Commission shall adopt by agreement any measures facilitating *inter alia* the exchange of necessary information, the submission of requests for transfers, the provision of information concerning the use of transfers, the implementation of the replenishment provisions and the implementation of any other aspect of the system, by means of the widest possible use of standard forms.

Article 103

1. The Commission shall adopt a transfer decision on completion of the examination carried out in conjunction with the relevant authorities of the requesting country or territory; this examination shall bear on the statistical data and the calculation of the transfer basis which may give rise to a payment, and also on the information referred to in Article 93.

2. For each transfer, a transfer agreement shall be concluded between the Commission and the relevant authorities of the country or territory concerned.

3. The amounts transferred shall not bear interest.

Article 104

1. The relevant authorities of the country or territory concerned and the Commission shall take all possible steps to ensure that the cross-checking of statistics referred to in Article 101 (2) is completed not later than 31 May following receipt of the requests. Not later than that date, the Commission shall notify the relevant authorities of the requesting country or territory of the result of the cross-checking operation or, in the event of a delay, of the reason why it was not possible to complete the said operation.

2. The relevant authorities of the country or territory concerned and the Commission shall take all possible steps to ensure that the consultations referred to in Article 100 are concluded not later than two months after the notification referred to in paragraph 1. After this period has elapsed, the Commission shall notify the relevant authorities of the country or territory of the amount of the transfer resulting from appraisal of the request.

3. Without prejudice to Article 105 (1) and not later than 31 July following receipt of the requests, the Commission shall take decisions concerning all transfer requests, except for those where cross-checking or consultations have not been concluded.

Article 105

1. The relevant authorities of the country or territory concerned and the Commission shall take such steps as are required to ensure that transfers are made rapidly in accordance with the procedure laid down in Article 104. To this end, provision shall be made for the payment of advances.

2. Programmes or operations to which the relevant authorities of the recipient country or territory undertake to allocate the transferred resources shall be decided by those authorities subject to compliance with the objectives set out in Article 83.

3. Before the transfer agreement is signed, the relevant authorities of the recipient country or territory shall communicate substantial information relating to the programmes and operations to which they have allocated or undertake to allocate the funds, in accordance with the objectives set out in Article 83. Substantial information, in the context of this Article and that of Article 93, shall be taken to mean that relating to the diagnosis of the problems in the sector or sectors concerned, statistics, and the allocation plan drawn up by the requesting country or territory. Should the recipient country or territory intend, as specified in Article 83 (2), to allocate the funds to a sector other than that where the loss has occurred, it shall communicate to the Commission the reasons for this allocation. In either case, the Commission shall ensure that such communication conforms with Article 93.

Article 106

1. Within 12 months of the signing of the transfer agreement, the relevant authorities of the recipient country or territory shall send the Commission a report on the use which has been made of the funds transferred. The report shall contain all the information specified on the form drawn up jointly in accordance with Article 102.

2. Should the report referred to in paragraph 1 not be presented within the time limit set, or should it call for comment, the Commission shall send a request for substantiation to the relevant authorities of the country or territory concerned, which shall be obliged to reply there-to within two months.

3. Once the deadline referred to in paragraph 2 has expired, the Commission, having referred the matter to the Council, and having duly informed the relevant authorities of the country or territory concerned, may, three months after completion of this procedure, suspend application of decisions on subsequent transfer requests until that country or territory has provided the required information.

The relevant authorities of the country or territory concerned shall be notified of this measure immediately.

Article 107

Countries and territories which have received transfers shall, with the exception of the least-developed countries and territories and French Polynesia, contribute to the replenishment of the resources made available for the system by the Community. The replenishment obligation shall disappear if, during the seven-year period following the year during which the transfer was made, the conditions laid down in Article 108 have not been met.

Article 108

1. Where the trend of the export earnings derived from the product which sustained the drop in export earnings that gave rise to the transfer so permits, the country or territory concerned shall help replenish the resources of the system.

2. For the purposes of paragraph 1, the Commission shall determine:

- at the beginning of each year over the seven years following the year during which the transfer was paid,
- until such time as the whole amount of the transfer has been paid back into the system,
- in accordance with Article 101,

whether, for the preceding year:

- (a) the unit value of the product under consideration exported to the Community was higher than the average unit value during the four years prior to the preceding year;

- (b) the quantity of the same product actually exported to the Community was at least equal to the average of the quantities exported to the Community during the four years prior to the preceding year;
- (c) the earnings for the year and the product in question amount to at least 106 % of the average of earnings from exports to the Community during the four years prior to the preceding year.

3. If the three conditions set out in paragraph 2 (a), (b) and (c) are fulfilled simultaneously, the country or territory shall contribute to the system an amount equal to the difference between the actual earnings derived in the preceding year from exports to the Community and the average of earnings from exports to the Community during the four years prior to the preceding year, but in no case shall the amount of the contribution towards the replenishment of the resources of the system exceed the transfer in question.

4. In implementing paragraphs 2 and 3, account shall be taken of trends established in exports to all destinations.

Article 109

1. The amount referred to in Article 108. (3) shall be contributed to the system at the rate of one-fifth per year after a two-year deferment period beginning in the year during which the obligation to contribute towards replenishment was established.

2. The contribution may be made, at the request of the relevant authorities of the country or territory, either:

- direct to the system, or
- by deduction from its transfer rights established before any application of Article 91.

Chapter 2

Mining products: special financing facility (SYSMIN)

Article 110

With a view to contributing to the creation of a more solid basis for the development of the countries and territories whose economies are dependent on the mining sectors and in particular towards helping them cope with a decline in their capacity to export mining products to the Community and the corresponding decline in their export earnings, a system shall be established to assist these countries and territories in their efforts to re-establish the viability of the mining sector or to remedy the harmful effects on their development of serious temporary or unforeseeable disruptions affecting those mining sectors and beyond the control of the countries and territories concerned.

Article 111

1. The system laid down in Article 110 shall apply notably to the following products:

- copper, including associated production of cobalt,
- phosphates,
- manganese,
- bauxite and alumina,
- tin,
- iron ore (ores, concentrates and roasted iron pyrites), whether or not in agglomerate form (including pellets).

2. If, not sooner than 12 months following the entry into force of this Decision, one or more products not contained in the above list, but upon which the economies of one or more countries or territories depend to a considerable extent, are affected by serious disruptions, the Council shall decide, not later than six months after the presentation of a request by the relevant authorities of the country(ies) or territory(ies) concerned, whether or not to include the said product or products in the list.

Article 112

1. For the purposes specified in Article 110 and for the duration of the validity of this Decision, a special financing facility shall be set up to which the Community shall allocate an overall amount of 5 million ECU to cover all its commitments under this system and the system for the stabilization of export earnings referred to in Chapter 1.

- (a) This amount shall be managed by the Commission;
- (b) it shall be divided into a number of equal annual instalments corresponding to the number of years of application. Each year, except the last, the Council, on the basis of a report from the Commission, may authorize the advance use of up to 50 % of the following year's instalment where required;
- (c) whatever balance remains at the end of each year of application of this Decision, except the last, shall be carried over automatically to the following year;
- (d) if the resources available for any year of application are insufficient, the amounts due shall be reduced accordingly;
- (e) the resources available for each year of application shall be made up of the following:
 - the annual instalment, minus any amounts used under (b),
 - the sums carried over under (c).

2. Before the expiry of the period referred to in Article 183, the Council shall decide on the allocation of any balances remaining from the overall amount referred to in this Article.

Article 113

1. Recourse to the means of financing available under the special facility provided for in Article 112 shall be open to:

- (a) the countries and territories eligible under Article 114 (a), for a product covered by Article 111 and exported to the Community;
- (b) the countries and territories not eligible under Article 114 (a) but eligible under Article 114 (b), by derogation on a case-by-case basis from Articles 111 and 114 (a)

when a substantial fall is recorded, or can be expected over the following months, in their capacity to produce or to export, or in their export earnings derived from mining products referred to in Articles 111 and 114 (b), of such magnitude as to affect seriously the profitability of otherwise viable and economic lines of production, thus preventing them from replacing at a normal rate or maintaining the production plant or export capacity, and from continuing to provide funds for major identified development projects to which the country or territory concerned has given the highest priority in the allocation of mining revenue.

2. The recourse referred to in paragraph 1 shall also be available when a substantial fall in production or export capacity is experienced, or is foreseen, owing to accidents and serious technical mishaps or grave political events, whether internal or external, or important technological and economic developments affecting the profitability of production.

3. A substantial fall in production or export capacity shall be taken to mean 10 %.

Article 114

A country or territory which, during at least two of the preceding four years, as a general rule, has derived either:

- (a) 15 % or more of its export earnings from a product covered by Article 111; or
- (b) by derogation on a case-by-case basis from Article 111 and from (a) above, 20 % or more of its export earnings from all its mining products (excluding precious minerals, oil and gas)

may apply for financial aid from the resources allocated to the special financing facility if the conditions laid down in Article 113 are fulfilled.

However, for the least-developed countries and territories, the figure stipulated in (a) shall be 10 % and the figure stipulated in (b) shall be 12 %.

Article 115

The application for aid shall be made to the Commission, which shall examine it in conjunction with the relevant authority of the country or territory concerned. Where necessary, an expeditious experts' study to diagnose the production capacity concerned from the technical and financial angles may be financed from the funds provided under Article 112, notably with a view to expediting appraisal of the application.

The fact that the aid conditions have been fulfilled shall be established by agreement between the Community and the relevant authority of the country or territory. Notification thereof by the Commission to the relevant authority of the country or territory shall entitle the latter to Community aid from the special financing facility.

Article 116

The aid referred to in Article 114 shall be directed at the objectives set out in Article 110.

As a matter of priority such aid shall be used to finance rehabilitation, maintenance and rationalization programmes to complement the efforts made by the country or territory concerned to restore the affected production and export capacity to a viable level, with special attention being paid to integrating it satisfactorily in the country's or territory's overall development process. Where it would appear impossible to restore such capacity to a viable state, the country or territory concerned and the Commission shall seek projects or programmes best suited to attaining the objectives of the system.

Where Articles 113 (1) (b) and 114 (b) are applied, the resources of the special financing facility shall be used as a matter of priority to support the efforts the country or territory concerned deploys to avoid interruption of the development projects referred to in Article 113, or to promote projects that would replace, even partially, the capacities lost as a source of export earnings.

The amount of this aid shall be determined by the Commission in the light of the funds available under the special financing facility, the nature of the projects or programmes proposed by the country or territory concerned and the possibilities for cofinancing.

In determining the amount, account shall be taken of the scale of the reduction in production or export capacity, of the losses of earnings suffered by the countries and territories as identified in Article 113 and of the relative importance for the country's or territory's export earnings of the mining industry affected.

Under no circumstances may a single country or territory be eligible for more than 35 % of the funds available under an annual instalment. This percentage shall be 15 % for a contribution on the basis of Article 113 (1) (b) and Article 114 (b).

The procedures applicable to assistance in the above circumstances and the implementing arrangements shall be as provided for under Title III of Part Two; account shall be taken of the need for rapid implementation of the aid.

Article 117

1. To permit the implementation of precautionary measures to halt deterioration of production plant during the appraisal or implementation of these projects or programmes, the Community may grant an advance to the relevant authority of any country or territory which requests one. This possibility shall not exclude recourse by the country or territory concerned to the emergency aid provided for in Article 135.

2. Since an advance is granted as a means of pre-financing projects or programmes which it precedes or to which it is preparatory, account shall be taken of the scale and nature of those projects or programmes when the amount of the advance is fixed.

3. The advance shall take the form of supplies or of the provision of services, or of cash payments if this arrangement is considered more appropriate.

4. It shall be incorporated in the amount earmarked for Community operations in the form of projects or programmes when the financing agreement relating to such operations is signed.

Article 118

Aid granted from the special financing facility shall be reimbursed on the same terms and conditions as special loans, account being taken of the provisions adopted in favour of the least-developed countries and territories.

TITLE III

FINANCIAL AND TECHNICAL COOPERATION

Chapter 1

General provisions

Section 1

Objectives and principles

Article 119

1. The aims and objectives of financial and technical cooperation shall be to:

- (a) provide the countries and territories, in the form of adequate financial resources and appropriate technical assistance, with a significant contribution to the implementation of the objectives of this Decision in order to support and promote their efforts to achieve social, cultural and economic development;
- (b) help raise the standard of living and improve the well-being of the peoples of the countries and territories;
- (c) promote measures likely to mobilize the capacity for initiative of communities and to encourage and support the participation of those concerned in the design and implementation of development projects;
- (d) complement the efforts of the relevant authorities of the countries and territories and remain in keeping with them;
- (e) promote the optimum development of human resources and contribute also to the rational utilization of the natural resources of the countries and territories;
- (f) encourage regional cooperation;
- (g) enable the countries or territories faced with serious economic and social difficulties of an exceptional nature resulting from natural disaster or extraordinary circumstances having comparable effects to benefit from emergency aid;
- (h) help the least-developed countries and territories to overcome the specific obstacles which hamper their development efforts.

Article 120

Financial and technical cooperation shall:

- (a) be implemented on the basis of objectives and priorities established by the relevant authorities of the countries and territories, with due regard to their respective geographical, social and cultural characteristics, specific potential and development strategies;
- (b) be given on the most liberal terms possible for the Community;
- (c) be administered under simple and rational procedures;
- (d) contribute to the fullest participation of the majority of the population, in the benefits of development, as well as support the necessary structural changes;

- (e) ensure that technical assistance is provided upon request of the relevant authorities of the country or territory concerned, is of the highest quality but cost-effective and includes arrangements for the rapid training of local replacement personnel;
- (f) ensure that resources are provided on a more predictable and continuous basis.

Section 2

Scope

Article 121

Within the framework of this Decision, financial and technical cooperation shall cover:

- (a) capital projects;
- (b) sectoral programmes;
- (c) rehabilitation of projects and programmes;
- (d) technical cooperation programmes;
- (e) deployment of flexible resources in support of the efforts of grassroots communities.

Article 122

1. Financial and technical cooperation shall also be provided upon request for sectoral development and import programmes the purpose of which is to contribute to the optimum functioning of the productive sectors of the economy and to help meet basic human needs. Such programmes may include the financing of inputs to the productive system, such as raw materials, spare parts, fertilizers, insecticides and supplies to improve health and education services, but not of current administrative costs.

Such aid shall back up the measures taken by the relevant authorities of the country or territory concerned to resolve the problems underlying the serious situation where this is of a structural nature. Its aim shall be to do away progressively with the needs it fulfils.

2. Financial and technical cooperation may cover, for new, ongoing or past projects and programmes, current administrative, maintenance and operating expenses only on the conditions laid down in (a) and (b):

- (a) The financing of projects or programmes may cover expenditure incurred in, and strictly limited to, the start-up period, provided that such expenditure, identified in the financing proposal, is considered necessary for setting up, launching and operating the capital projects in question;

- (b) Follow-up aid may serve to cover, temporarily and on a diminishing scale, the cost of operating, maintaining or managing capital projects and programmes implemented earlier, in order to ensure that full use is made of such projects and programmes;
- (c) The least-developed countries and territories shall be accorded priority and favourable treatment in the determination and implementation of the back-up and follow-up assistance referred to in (a) and (b).

Article 123

The funds provided may be used to cover external costs and local expenditure required for the execution of projects and programmes.

Article 124

1. The projects and programmes may, within the framework of the priorities established by the relevant authorities of the countries and territories and in the context of regional cooperation, apply *inter alia* to:

- (a) rural development, and in particular the striving for food self-sufficiency and food security;
- (b) industrialization, artisan activities, energy, mining, tourism and economic and social infrastructure;
- (c) structural improvement of the productive sectors of the economy;
- (d) protection of the environment;
- (e) prospecting for, and exploration and exploitation of, natural resources;
- (f) training, applied scientific research and applied technology, technological adaptation or innovation and the transfer of technology;
- (g) industrial promotion and information;
- (h) marketing and sales promotion;
- (i) promotion of local small and medium-sized enterprises;
- (j) support for local and regional financial institutions responsible for development;
- (k) microprojects for grassroots development;
- (l) transport and communications;
- (m) measures for promoting, in the field of air and sea transport, the movement of goods and persons;
- (n) measures for developing fishing activities;

- (o) development and optimum utilization of human resources, special account being taken of the role of women in development;
- (p) improvement of social and cultural infrastructure and services and of housing and water supply for the people.

2. These projects and programmes may also concern operations on specific themes, such as:

- combating the consequences of natural disasters through the introduction of prevention and aid mechanisms in the least-developed countries and territories,
- control of major endemic diseases and epidemics,
- hygiene and primary health care,
- control of endemic livestock diseases,
- measures to save energy,
- operations in general which are long-term and thus extend beyond any specific timescale.

Article 125

1. The following shall be eligible for financial and technical cooperation:

- (a) the countries and territories, except Greenland;
- (b) regional or inter-State bodies to which one or more countries or territories belong and which are empowered by their relevant authorities;
- (c) joint bodies set up by the Community and the countries and territories and authorized by those countries and territories to attain certain specific objectives, notably in the spheres of agricultural, industrial and trade cooperation.

2. The following shall also be eligible for financial and technical cooperation, subject to the agreement of the relevant authority of the country or territory concerned, in respect of projects and programmes approved by the latter:

- (a) public or semi-public agencies of the countries or territories, and in particular their financial institutions responsible for development;
- (b) local communities and private bodies working in the countries or territories concerned for their economic, social and cultural development;
- (c) enterprises carrying out their activities in accordance with industrial and business management methods and formed as companies or firms of a country or territory within the meaning of Article 177;

- (d) groups of producers in the countries or territories;
- (e) award holders and trainees.

Section 3

Responsibilities

Article 126

1. Operations financed by the Community shall be implemented by the relevant authorities of the countries and territories and by the Community in close cooperation with each other.

2. The relevant authorities of the countries and territories shall be responsible for:

- (a) defining the objectives and priorities on which the indicative programmes shall be based;
- (b) choosing the projects and programmes which they decide to put forward for Community financing;
- (c) preparing and presenting to the Community the dossiers of projects and programmes;
- (d) preparing, negotiating and concluding contracts;
- (e) implementing projects and programmes financed by the Community;
- (f) managing and maintaining operations carried out in the context of financial and technical cooperation.

3. The relevant authorities of the countries and territories and the Community shall bear joint responsibility for:

- (a) appraising projects and programmes, and examining the extent to which they fit the objectives and priorities and comply with the provisions of this Decision;
- (b) taking the necessary implementing measures to ensure equality of conditions for participation in invitations to tender and contracts;
- (c) evaluating the effects and results of projects and programmes completed or under way;
- (d) ensuring that the projects and programmes financed by the Community are executed in accordance with the arrangements decided upon and with the provisions of this Decision.

4. The Community shall be responsible for taking financing decisions on projects and programmes and for establishing the general policy and guidelines for financial and technical cooperation.

5. Where the financing of projects within the Bank's sphere of competence is concerned, the arrangements and procedures for implementing financial and technical cooperation, as set out in Chapters 3 and 4, may, in consultation with the relevant authorities of the countries and territories concerned, be adapted to take account of the nature of the projects financed by the Bank and to permit it, within the framework of the procedures laid down by its Statute, to act in accordance with the objectives of this Decision.

Chapter 2

Financial cooperation

Section 1

Financial resources

Article 127

For the duration of the validity of this Decision, the overall amount of the Community's financial assistance shall be 120 million ECU.

This amount shall comprise:

1. 100 million ECU from the European Development Fund, hereinafter referred to as the 'Fund', allocated as follows:
 - (a) 95 million ECU for the purposes set out in Articles 119, 120 and 121, consisting of:
 - 55 million ECU in the form of grants,
 - 25 million ECU in the form of special loans,
 - 15 million ECU in the form of risk capital;
 - (b) 5 million ECU for the purposes set out in Articles 83 to 109, in the form of transfers for the stabilization of export earnings and, for the purposes set out in Articles 110 to 118, in the form of contributions to the special financing facility for the mining sector.
2. For the purposes set out in Articles 119, 120 and 121 up to 20 million ECU from the Bank in the form of loans made from its own resources in accordance with the terms and conditions provided for in its Statute. These loans shall be combined, under the conditions laid down in Article 129, with an interest rate subsidy charged to the Fund.

Article 128

The amounts specified in Article 127 in the form of grants and special loans, namely 80 million ECU, minus the allocations for regional cooperation schemes and

emergency aid provided for in Articles 65 and 137 respectively and any sum earmarked for interest rate subsidies on loans from the Bank, shall be allocated as follows:

- French overseas territories: 26,5 million ECU,
- overseas countries for which the Kingdom of the Netherlands has responsibility: 26,5 million ECU,
- overseas countries and territories for which the United Kingdom of Great Britain and Northern Ireland has responsibility: 10,5 million ECU.

Section 2

Terms and conditions of loans

Article 129

1. In order to permit effective support for countries' and territories' development programmes, all loans extended to them shall be provided on concessional terms.
2. Special loans from the Fund shall be granted on the following terms and conditions:
 - (a) a maturity period of 40 years; including
 - (b) a mandatory grace period of 10 years;
 - (c) such loans shall bear interest at the rate of 1 % per annum, save as regards the least-developed countries and territories, for which this rate shall be reduced to 0,5 %.
3. Loans from the Bank shall be granted on the following terms:
 - (a) the rate of interest shall be the rate charged by the Bank at the time of signing of each loan contract;
 - (b) except where loans are intended for investment in the oil sector, this rate shall be reduced by means of a 3 % interest rate subsidy, which shall be automatically adjusted so that the interest rate actually borne by the borrower will be neither less than 5 % nor more than 8 %;
 - (c) the aggregate amount of interest rate subsidies calculated in terms of its value at the time of the signing of the loan contract shall be charged against the amount of grants provided by the fund and shall be paid direct to the Bank;
 - (d) the duration of loans made by the Bank from its own resources shall be governed by terms stipulated on the basis of the economic and financial

characteristics of the project, but may not exceed 25 years. These loans shall normally comprise a grace period fixed by reference to the construction period and the funds needed for the project.

Section 3

Methods of financing

Article 130

1. Projects or programmes may be financed by grant, special loan, risk capital, loans from the Bank from its own resources, or jointly by two or more of these means of financing.
2. For resources of the Fund administered by the Commission, the methods of financing for each project or programme shall be decided by the relevant authorities of the country(ies) or territory(ies) concerned by reference to the level of development and the geographical, economic and financial situation of the country(ies) or territory(ies) concerned. Account shall also be taken of the economic, social and cultural impact of the methods of financing.
3. For resources of the Fund administered by the Bank, the methods of financing shall be fixed on the basis of the economic and financial characteristics of the project or programme in question and the stage of development and economic and financial situation of the country(ies) or territory(ies) concerned.
4. For the Bank's own resources, the methods of financing shall be decided by reference to the nature of the project, the prospects for its economic and financial return and the stage of development and economic and financial situation of the country(ies) or territory(ies) concerned. Account shall be taken in addition of factors guaranteeing the servicing of repayable aid. Examination by the Bank of the admissibility of projects and the granting of loans from its own resources shall be carried out in consultation with the relevant authorities of the country(ies) or territory(ies) concerned in accordance with the detailed rules, conditions and procedures laid down in its statute and in this Decision.
5. The Bank's task in the countries and territories shall be to contribute, through its own resources, to the economic and industrial development of the countries and territories individually and on a regional scale. To this end, the financing of productive projects and programmes in industry, agro-industry, tourism and mining, and in energy production, transport and telecommunications linked to these sectors, shall be undertaken in the first place by the Bank with loans from its own resources or by risk capital. These sectoral priorities shall not exclude the possibility of the Bank's financing, from its own resources, productive projects and programmes in other sectors which satisfy its criteria for making contributions, in particular in the area of commercial agriculture.
6. Where a request for the financing of a project or programme is submitted to the Commission or to the Bank, and it is found that such project or programme cannot be financed by one of the forms of aid administered by the institution, the latter shall, having informed the potential recipient, transmit the request without delay to the other institution.
7. Grants or loans may be accorded to a country or territory either direct to the recipient, or via a financial institution responsible for development, or through the channel of the country or territory to the final recipient.
8. In the last-mentioned case, the terms on which the money may be made available by the country or territory to the final recipient shall be laid down in the financing agreement or loan contract.
9. In the course of its financial operations, the Bank shall establish close links with the financial institutions responsible for the development of the countries and territories. In the interests of cooperation, it shall endeavour to make all appropriate contacts with banking and financial institutions in the countries and territories concerned by its operations.
10. Any profit accruing to the country or territory because it receives either a grant or a special loan for which the interest rate or the repayment period is more favourable than that of the final loan shall be used by the country or territory for development purposes on the conditions laid down in the financing agreement or loan contract.
11. Special treatment shall be accorded to the least-developed countries and territories when determining the volume of the financial resources which they may expect from the Community for the purpose of their indicative programmes. These financial resources shall be combined with particularly favourable terms of financing, having regard to the economic situation and the nature of the needs specific to each country or territory. They shall consist essentially of grants and, in appropriate cases, of special loans, risk capital or loans from the Bank, having regard to the criteria laid down in paragraph 4.

Section 4

Risk capital

Article 131

1. With a view to aiding the implementation of operations of general interest to the economies of the countries and territories, the Community may contribute to the formation of risk capital which may be used *inter alia* for:

- (a) directly or indirectly increasing the own resources, or resources treated as such, of public, semi-public or private enterprises, and granting quasi-capital assistance to such enterprises;
- (b) financing specific studies for the preparation and the drawing up of projects and providing assistance to enterprises during the start-up period or for rehabilitation purposes;
- (c) financing research and investment in preparation for the launching of projects and programmes in the mining and energy sectors.

2. (a) To attain these objectives, risk capital may be used to acquire temporary minority holdings on behalf of the Community in the capital of the enterprises concerned or in that of institutions specializing in the financing of development in the countries or territories. Such holdings may be acquired in conjunction with a loan from the Bank or with another form of risk-capital assistance. Once the conditions are met, the holdings shall be transferred, preferably to nationals of the countries or territories.

(b) Financing decisions relating to risk capital shall be taken by the Community within the framework of Article 150.

3. Quasi-capital assistance may take the form of:

- (a) subordinated loans, which shall be redeemed and in respect of which interest, if any, shall be paid only after other bank claims have been settled;
- (b) conditional loans, the repayment or duration of which shall be governed by terms laid down when the loan is made. Conditional loans may be made direct, with the agreement of the relevant authorities of the country or territory concerned, to a given firm. They may also be granted to a country or territory or to financial institutions in the countries or territories to enable them to acquire a holding in the capital of enterprises operating in the sectors referred to in Article 130 (5), where such an

operation comes under the financing of preparatory or new productive capital projects and may be supplemented by other Community financing, possibly together with other sources of financing, as a cofinancing operation. Such loans may also be granted, case by case, at the request of the relevant authorities of the country or territory, subject to the same conditions and by derogation from Article 125, to an enterprise of a Community Member State to enable it to undertake a productive capital project in the territory of that country or territory;

(c) loans made to financial institutions in the countries or territories, where the characteristics of their activities and management so permit. Such loans may be used for acquiring holdings in other enterprises.

4. The terms of quasi-capital assistance referred to in paragraph 3 shall be determined by reference to the characteristics of each project financed. However, the terms on which quasi-capital assistance is granted shall generally be more favourable than those for subsidized loans from the Bank. The interest rate shall not be greater than that on subsidized loans.

5. Where the assistance referred to in this Article is granted to consultancy firms or is used to finance research or investment in preparation for the launching of a project, it may be incorporated in any capital assistance to which the promoting company may be entitled if the project is carried out.

Section 5

Cofinancing

Article 132

1. The financial resources of the Community may be applied, at the request of the relevant authorities of the countries and territories, to cofinancing, particularly where they will facilitate an increase in the financial flows to the countries and territories and support their efforts to harmonize international cooperation for their development. Special consideration shall be given to the possibility of cofinancing in the following cases, among others:

- (a) large-scale projects which cannot be financed by any one source of financing alone;
- (b) projects in which Community participation, and an input of its project expertise, might facilitate the participation of other additional sources of finance;

- (c) projects which may benefit from a blend of concessionary and non-concessionary financing;
- (d) projects which may be broken down into sub-projects which could be eligible for financing from different sources;
- (e) projects for which a diversification of financing may lead to an advantageous solution from the point of view of the financing and investment costs and of other aspects of the implementation of the said projects;
- (f) projects of a regional or interregional nature.

2. Cofinancing may be in the form of joint or parallel financing.

Preference shall be given to the more suitable solution from the point of view of cost-effectiveness.

3. Whenever possible, the Commission and the Bank shall try to involve private-sector resources in projects financed by them, and in particular to:

- (a) seek out and negotiate with private partners for joint financial operations;
- (b) apply the various techniques developed in recent years to attract private-sector resources into co-financing operations.

4. With the agreement of the parties concerned, necessary measures shall be taken to coordinate and harmonize operations of the Community and of the other cofinancing bodies, in order to avoid an increase in the number of procedures to be undertaken by the relevant authorities of the countries and territories and to allow those procedures to be made more flexible, notably as regards:

- (a) the needs of other cofinancing bodies and recipients;
- (b) the choice of projects to be cofinanced and the arrangements for carrying them out;
- (c) the harmonization of rules and procedures for work, supply and service contracts;
- (d) the payment terms;
- (e) the rules of eligibility and competition;
- (f) the margin of preference granted to enterprises of the countries and territories.

5. With the agreement of the relevant authorities of the country or territory concerned, the Community may provide the other cofinancing bodies with administrative help, should they so desire, in order to facilitate the implementation of projects or programmes being co-financed.

6. At the request of the relevant authorities of the country or territory in question and with the agreement of the other parties concerned, the Commission or the Bank may act as a lead or coordinating agency for projects part-financed by them.

Section 6

Microprojects

Article 133

1. In order to make a practical response to the needs of local communities with regard to development, the Fund shall participate in the financing of microprojects at the request of the relevant authorities of the countries and territories.

2. Programmes for microprojects shall cover small projects within the framework of Article 121 and others which meet the criteria referred to in paragraph 3 and have an economic and social impact on the life of the people and the local communities in the countries and territories. These projects shall normally be located in rural areas. However, the Community may also assist in the financing of microprojects in urban areas.

3. In order to be eligible for Community financing, microprojects must:

- meet a priority need demonstrated and observed at local level,
- be undertaken with the active participation of the local community.

4. Special priority shall be accorded to the preparation and implementation of microprojects in the least-developed countries and territories.

Article 134

1. Each project for which Community assistance is requested must stem from an initiative taken by the local community which will benefit therefrom. Contributions to microprojects shall normally come from:

- the community concerned, to be provided in kind, in the form of supply of services or in cash and matched to its capacity to contribute,
- the Fund.

The country or territory concerned may also contribute, either in the form of a financial contribution, or through the use of public equipment or the supply of services.

2. The share contributed by the Fund shall not normally exceed two-thirds of the total cost of each project and may not exceed 250 000 ECU. The contributions shall be mobilized at the same time. For each project, the local community shall undertake to maintain and run the project, where appropriate in conjunction with the relevant authorities.

3. The amounts representing the Fund's contribution shall be charged against the grant allocation under the indicative programme of Community aid referred to in Article 147.

Section 7

Emergency aid and aid for refugees and returnees

Article 135

1. Emergency aid shall be accorded to countries and territories faced with serious economic and social difficulties of an exceptional nature resulting from natural disasters or extraordinary circumstances having comparable effects.

2. (a) Emergency aid shall cover assistance urgently necessary immediately an exceptional situation arises. This could take the form of works, supplies, the provision of services or payments in cash. It may be used to procure food, seeds, shelter, materials, medical supplies, clothing and transport. As regards other specific requests from the relevant authorities of the countries and territories, the conditions of implementation of such aid shall be sufficiently flexible to enable the range of products and services to be widened.

(b) Emergency aid may also cover the financing of immediate measures to make damaged structures and equipment operational again and to ensure minimum viability.

(c) Emergency aid may also be integrated into the countries' and territories' indicative programmes in order to prepare, by financing the immediate measures mentioned under (b), the execution of reconstruction or rehabilitation operations in the framework of these programmes.

3. Emergency aid shall:

(a) help finance the most suitable means of remedying the serious difficulties encountered;

(b) be non-reimbursable;

(c) be granted and made available quickly and easily;

(d) make a real contribution to solving the problems involved.

4. For all operations relating to emergency aid, the relevant authorities of the countries and territories may, in agreement with the Commission delegate, and in accordance with Article 164, authorize the placing of contracts after restricted invitations to tender, the conclusion of contracts by direct agreement and the performance of contracts by direct labour.

They may obtain their supplies from the markets of the Community, the countries and territories or third countries under the conditions laid down in Article 162.

5. Where appropriate, such aid may, with the agreement of the relevant authorities of the country or territory concerned, be implemented via specialized agencies or by the Commission direct.

6. The detailed rules for the allocation of such aid shall be the subject of an emergency procedure. The conditions governing the payment and implementation of such aid shall be determined case by case; advances may be granted by the territorial authorizing officer where implementation is based on an estimate.

7. The Community shall take adequate steps to facilitate the speedy action which is required to meet the urgent needs for which emergency aid is intended, including such measures as the retroactive financing of immediate relief measures undertaken by the countries and territories themselves.

8. (a) Funds provided under emergency aid must be committed within six months of the implementing arrangements being established, unless otherwise stipulated by those arrangements and provided that it is not agreed by common accord during the implementation period to extend that time limit owing to extraordinary circumstances;

(b) where the funds made available have not all been committed within the time limit set, they may be reduced to an amount corresponding to the funds committed within that time limit;

(c) the unexpended portion shall then be paid back into the special appropriation.

Article 136

1. Aid may be granted to countries or territories taking in refugees or returnees to meet acute needs not covered by emergency aid and to implement in the longer term projects and action programmes aimed at self-sufficiency and the integration or reintegration of such people.

2. It shall be administered and implemented under procedures permitting rapid action. Conditions for payment and implementation shall be laid down case by case.

3. Such aid may be implemented, if the relevant authorities of the country or territory concerned so agree, through the intermediary of and in conjunction with specialized organizations, in particular the United Nations, or by the Commission direct.

Article 137

1. For the financing of the aid referred to in Articles 135 and 136, a special appropriation of 4 million ECU shall be constituted within the Fund, of which 3 million ECU shall be for the aid referred to in Article 135 and 1 million ECU for the aid referred to in Article 136.

2. Should the appropriations provided for under one of the aforementioned Articles be used up before this Decision expires, transfers may be made from the appropriations provided for in the other Article.

3. On the expiry of this Decision, appropriations not committed for emergency aid or aid for refugees and returnees shall be paid back to the assets of the Fund for the purpose of financing other operations coming within the scope of financial and technical cooperation, save as otherwise decided by the Council.

4. Should the special appropriation be used up before this Decision expires, the Council, acting on a proposal by the Commission, shall adopt appropriate measures to deal with the situations referred to in Articles 135 and 136.

Section 8

Small and medium-sized enterprises

Article 138

1. The Community shall finance schemes to help small and medium-sized enterprises in the countries and territories. The methods of financing shall be determined by reference to the nature of the programme presented.

2. Technical cooperation from the Community shall help to reinforce the activities of bodies in the countries or territories working for the development of small and medium-sized enterprises and to provide the necessary vocational training for such enterprises.

3. The Community's financing may take the form of direct aid or overall allocations in the form of loans or possibly grants. The overall aid may be accorded:

— by the Bank, from the resources administered by it, to banks or financial institutions for onlending to

small and medium-sized industrial, agri-business or tourist enterprises,

— by the Commission, from the resources administered by it, to public bodies, local authorities or co-operatives with a view to developing the artisan, commercial and agricultural sectors, and to creating or strengthening guarantee funds for credit to small and medium-sized enterprises.

4. Where the financing is undertaken via an onlending body, it shall be that body's responsibility to present individual projects within the programme already approved and to administer the funds placed at its disposal. The methods, terms and conditions for the financing accorded to the final recipient shall be determined by agreement between the relevant authorities of the country or territory concerned, the relevant Community authority and the onlending body.

5. The projects shall be appraised by the financing body. This body shall decide, on its own financial responsibility, on final loans to be accorded and on terms established by reference to those obtaining for this type of operation in the country or territory in question.

6. The financing terms accorded by the Community to the financing body shall take into consideration the latter's need to cover its administrative costs, exchange and financial risks and the cost of technical assistance given to the enterprises or final borrower.

Chapter 3

Technical cooperation

Article 139

1. The purpose of technical cooperation shall be to provide enhanced support for the development of human resources in the countries and territories.

2. Where such cooperation involves the provision of external supplementary human resources, then as a basic principle:

(a) such support, through the provision of technical assistance personnel (consultancy firms, consulting engineers or experts, training or research institutions), shall be made available only at the request of the relevant authorities of the country(ies) or territory(ies) concerned,

(b) however, arrangements shall be made to train local personnel so as to phase out technical assistance and staff projects entirely with nationals of the country(ies) or territory(ies) concerned on a permanent basis;

(c) the cooperation shall include arrangements to enhance the capacity of the countries and territories

to build up their own expertise and improve the technical skills of their own consultants, consultancy firms and experts. In furtherance of this, effective training of local personnel shall be part of the assigned task of technical assistance personnel;

- (d) the experts provided under such cooperation shall be qualified for the specific tasks as defined in the request from the relevant authorities of the country or territory concerned.

3. The service contracts under which technical assistance personnel are to be recruited shall include those covering the recruitment of consultants and other technical specialists; they shall be negotiated, drawn up and concluded by the relevant authorities of the country or territory concerned subject to the agreement of the Commission delegate.

4. The Community shall take practical measures to increase and improve the information placed at the disposal of the countries and territories concerning the availability and qualifications of suitable specialists.

Article 140

1. Technical cooperation may be either linked with operations or of a general nature.

2. Technical cooperation linked with operations shall comprise, *inter alia*:

- (a) development studies;
- (b) technical, economic, financial and commercial studies, and research and surveys required to prepare projects or programmes;
- (c) help with the preparation of dossiers;
- (d) help with the execution and supervision of works;
- (e) temporarily meeting the cost of technicians and providing the resources needed for them to accomplish their assignments;
- (f) technical cooperation measures which may be required temporarily to permit the establishment, launching, operation and maintenance of a specific project;
- (g) aid for the evaluation of operations;
- (h) integrated training, information and research programmes.

3. General technical cooperation shall comprise, *inter alia*:

- (a) studies of the prospects and resources for economic development and diversification in the countries and territories, and of problems of interest to groups of countries and territories or to countries and territories as a whole;
- (b) sectoral or product studies;
- (c) the provision of experts, advisers, technicians and instructors for specific assignments and for limited periods;
- (d) the supply of instructional, experimentation, research and demonstration equipment;
- (e) general information and documentation to promote the development of the countries and territories and the achievement of the aims of cooperation;
- (f) exchanges of executive and specialized staff, students, research workers, motivators and heads of social or cultural groups or associations;
- (g) the granting of study or training awards, particularly to persons already in employment and requiring further training;
- (h) the organization of seminars or sessions for training, information and further training;
- (i) the setting-up or strengthening of information and documentation instruments, particularly for exchanges of know-how, methods and experience among countries and territories, between countries and territories and ACP States and between countries and territories and the Community;
- (j) cooperation between, or twinning of, institutions of the countries or territories or those of the countries and territories and the ACP States or the Community, particularly universities and other training and research establishments;
- (k) support for particularly representative cultural events.

Article 141

1. Technical cooperation shall be provided under service contracts concluded with individual experts, or consultancy firms, training and research institutions, or, exceptionally, by direct labour.

The choice of whether to use the services of consultancy firms or of experts recruited individually shall take account of the nature of the problems and the scale and complexity of the technical means and management resources required, as well as the comparative cost of each of the two solutions.

2. The criteria to be observed in the choice of technical cooperation contractors and their staff shall refer to:

- (a) professional skills (technical and training ability) and human qualities;
- (b) respect for the cultural values and the political and administrative circumstances of the country(ies) or territory(ies) concerned;
- (c) knowledge of the language necessary for the execution of the contract;
- (d) practical experience of problems of the type to be dealt with;
- (e) cost.

3. Given equal competence, preference shall be given to experts, institutions or consultancy firms of a country or territory.

4. The recruitment of technical cooperation staff, the determination of their aims and functions and duration of their missions, their remuneration and the ways in which they contribute to the development of the country or territory to which they are sent, must conform to the principles for technical cooperation policy laid down in Article 139. The procedures to be applied in this context must ensure objectivity in terms of the choice and quality of the services provided. The following additional principles shall also apply:

- (a) recruitment shall be carried out by the institutions of the country or territory that will use the technical assistance, with the help of the Commission and its delegate;
- (b) due account shall be taken of the availability of suitable candidates, according to the criteria established in paragraph 2, residing in the country or territory itself or in the region;
- (c) efforts shall be made to facilitate direct contact between a candidate and the future user of the technical assistance.

Article 142

1. Service contracts shall be awarded on the basis of restricted invitations to tender.

2. Certain contracts, however, may be awarded by direct agreement, notably in the following cases:

- small-scale or short-term operations,
- operations assigned to individual experts,
- operations continuing others already in hand,
- following an unsuccessful invitation to tender.

3. (a) Where a country or territory has, within its administrative and technical staff, nationals making up a substantial part of the workforce

necessary for the performance by direct labour of a technical cooperation project, the community shall contribute exceptionally to the costs of the department involved by providing equipment that it lacks or by supplying the required additional staff in the form of experts from another country or territory, from an ACP State or from the Community.

- (b) The participation of the Community shall cover only costs incurred by supplementary measures and temporary expenditure relating to execution strictly confined to the requirements of the project in question and shall exclude all operating expenditure of a permanent nature.

4. The manner in which the contract is to be awarded or the services undertaken shall be decided by agreement between the Commission and the relevant authorities of the country or territory concerned on the basis of that country's or territory's needs and available resources.

Article 143

1. (a) For each technical cooperation scheme for which an invitation to tender has been issued, a shortlist of candidates from the Member States, countries, territories, or ACP States shall be drawn up, within two months of the date of the request, by agreement between the Commission and the relevant authorities of the country or territory concerned, where appropriate following pre-qualification; candidates shall be chosen by reference to their legal and financial situation, qualifications, experience, independence, availability, and the criteria and principles set out in Article 141.

(b) Depending on requirements, the invitation to tender may cover:

- the design of the cooperation scheme and the services or staff resources to be deployed, the financial information being submitted at the same time but separately and the prices to be paid being negotiated at a later stage,
- prices, where in special, well-founded cases, the cooperation scheme is of a less complex nature.

(c) The invitation to tender dossier, drawn up by the relevant authorities of the country or territory in agreement with the Commission, shall contain details of the way in which tenders are to be presented and the criteria for selection of the successful tenderer, who must be chosen within 30 days of the date on which tenders are examined.

(d) Without prejudice to the respective powers of the territorial authorizing officer and the delegate referred to in Articles 157 and 158, the relevant authorities of the countries and territories shall award the contract subject to the agreement of the Commission. The tender selected for each operation must be the most advantageous one, account being taken notably of its technical qualities, the organization of and methods proposed for the services rendered, the competence, experience and aptitude of the staff employed for the operation and, in the case referred to in the second indent of subparagraph (b), the cost of the services.

2. Where the procedure by direct agreement is applied, the successful candidate shall be chosen by the relevant authorities of the country or territory on the basis of a Commission proposal. A candidate may also be proposed by the country or territory.

The relevant authorities of the country or territory shall be notified of the Commission's proposal within one month of making their request. The said authorities shall take their decision during the month following that notification.

3. In order to speed up the procedures, service contracts, including those covering the recruitment of consultants and other technical assistance specialists, may be negotiated, drawn up and concluded either by the territorial authorizing officer, on a proposal from the Commission or with its agreement, or by the Commission on behalf of the relevant authorities of the country or territory concerned and with their agreement, notably where urgent, small-scale or short-term operations are involved and in particular for experts' services in the preparation and execution of operations.

4. At the request of the relevant authorities of the country or territory concerned, the Commission may recruit and deal with the administrative formalities for individual technical assistance through its relevant agency.

5. The firms in the countries or territories or in the ACP States which may be taken into consideration for technical cooperation schemes shall be selected by agreement between the Commission and the relevant authorities of the country(ies) or territory(ies) concerned.

6. In exceptional cases and in agreement with the Commission, recourse may be had to consultancy firms or experts that are nationals of third countries.

Article 144

1. Service contracts shall be negotiated, drafted and concluded by the relevant authorities of the countries and territories, in agreement with the Commission

delegate, on the basis of general conditions applicable to the award and performance of contracts which shall be adopted by decision of the Council at its first meeting following the entry into force of this Decision.

2. Until the entry into force of the decision provided for in paragraph 1 the award and performance of service contracts financed by the Fund shall be governed by Articles 19 and 21 to 25 of Annex V to Council Decision 76/568/EEC of 29 June 1976 on the association of the overseas countries and territories with the European Economic Community⁽¹⁾.

Article 145

In order to enhance the countries' and territories' capacity to build up their technical skills and improve the know-how of their consultants, cooperation between consultancy firms, consulting engineers, experts and institutions of the Member States and those of the countries or territories shall be encouraged by means of temporary associations, subcontracting or the use of experts who are nationals of the countries or territories in teams employed by consultancy firms, consulting engineers or institutions in the Member States of the Community.

Article 146

Technical cooperation shall provide support for educational and training operations in accordance with Article 68.

Chapter 4

Implementation procedures

Section 1

Programming, appraisal, implementation and evaluation

Article 147

1. The operations financed by the Community, which are complementary to the efforts of the countries and territories, shall be integrated into the economic and social development plans and programmes of the said countries and territories and shall tie in with the objectives and priorities which they set at both the local and regional level.

2. To this end, the relevant authorities of the countries and territories shall inform the Commission, where possible as soon as this Decision enters into force, of their development plans and programmes and of the schemes for which they intend to request financial assistance by drawing up an indicative programme.

They shall notify the Commission of any subsequent changes to their development plans and programmes.

⁽¹⁾ OJ No L 176, 1. 7. 1976, p. 8.

3. In the light of these various factors, an optimum pace for overall commitments year by year shall be determined for each country and territory in such a way that the overall amount of sums to be committed each year is distributed as evenly as possible throughout the period of application of this Decision.

4. Any balance remaining from the Fund that has not been committed by the end of the last year of application of this Decision shall be utilized until it has been exhausted, in accordance with the same conditions as those laid down in this Decision.

Article 148

1. Preparation of the dossiers of projects or programmes shall be the responsibility of the countries or territories concerned or of the other beneficiaries approved by them.

The dossiers must contain all the information necessary for the appraisal of the project.

Where so requested, the Community may provide assistance for drawing up the dossiers.

2. Such dossiers shall be transmitted officially to the Community by the relevant authorities of the countries or territories or the other beneficiaries specified in Article 125 (1). Where the beneficiaries specified in Article 125 (2) are concerned, the express agreement of the relevant authorities of the countries or territories concerned shall be required.

3. All projects or programmes transmitted officially in accordance with paragraph 2 shall be brought to the attention of the Community body responsible for taking financing decisions.

Article 149

1. In the framework of financial and technical cooperation, project identification, preparation and appraisal shall:

- (a) enable the effectiveness and viability of the operations requested, and the return thereon, to be assessed;
- (b) take account of cultural and social aspects, both direct and indirect, according to the criteria referred to in Article 70;
- (c) adapt financial criteria to take fully into account the longer-term social rate of return, including related secondary effects in the countries and territories;
- (d) be adapted to the local conditions relating to the maintenance and operational capacities of the countries and territories;
- (e) take local efforts into consideration as well as other resources;
- (f) take account of experience gained with operations of the same kind;

(g) be in conformity with the objectives and priorities established by the relevant authorities of the countries and territories.

2. The effectiveness of projects and programmes shall be assessed by means of an analysis comparing the means to be employed with the effects expected from the technical, social, cultural, economic, financial and environmental viewpoints; possible variants shall be examined.

3. Projects and programmes shall be assessed for their viability from the viewpoint of the different economic agents involved in order to ascertain whether the operation will produce the expected effects in a period considered normal for the type of operation concerned

4. The return on projects and programmes shall be appraised on the basis of the various effects expected, notably the physical, economic, social, cultural and financial effects, if possible on the basis of a cost-benefit analysis.

5. Project and programme appraisal shall be undertaken in close collaboration between the Commission and the relevant authorities of the countries and territories.

6. The specific difficulties and constraints of the least-developed countries and territories which affect the effectiveness, viability and economic return of projects and programmes shall be taken into account when the said projects and programmes are appraised.

Article 150

1. The conclusions of the appraisal shall be summarized in a financing proposal.

2. The financing proposal shall contain an advance timetable for the technical and financial implementation of the project or programme, which shall be reproduced in the financing agreement and deal with the duration of the different phases of implementation.

3. The financing proposal drawn up by the relevant departments of the Community shall be forwarded officially to the countries and territories concerned, which may, if appropriate, submit comments.

4. The Community's decision shall be taken on the basis of the financing proposal, which may be amended to take account of such comments.

5. The Community shall take the decision on the financing proposal as soon as possible and, save in exceptional circumstances, within no more than four months of the date on which the financing proposal was forwarded to the country or territory concerned.

Article 151

1. With a view to expediting the procedures, financing decisions may deal with multiannual programmes or overall amounts where the financing concerns:

- (a) training programmes;
- (b) microproject programmes;
- (c) trade promotion schemes;
- (d) sets of operations of a limited scale in a specific sector;
- (e) sets of technical cooperation schemes.

2. For the purpose of implementing paragraph 1 (a), (b), (c) and (d), the country or territory concerned shall prepare and submit to the Commission delegate a programme setting out the broad outlines of the schemes planned.

3. The financing decision concerning the operation referred to in paragraph 1 shall be taken by the Commission within the limits of the overall amounts referred to in the said paragraph.

4. Within the framework of the programmes thus adopted, the decision relating to each scheme under paragraph 1 (a), (b), (c) or (d) shall be taken by the relevant authorities of the country or territory concerned, with the agreement of the Commission delegate, in respect of those operations to be executed within the country or territory, and in other cases by the Commission. Such agreement shall be deemed to have been given once a month has elapsed from notification of the decision.

5. At the end of each year the relevant authorities of the country or territory concerned, in consultation with the Commission delegate, shall forward a report to the Commission on the implementation of the programmes, operations and schemes referred to in paragraph 1 (a), (b), (c) and (d).

Article 152

1. For any project or programme financed by a grant from the Fund, a financing agreement shall be drawn up between the Commission, acting on behalf of the Community, and the relevant authorities of the countries or territories concerned.

The agreement shall specify in particular the details of the Fund's financial commitment and the financing arrangements and terms.

2. For any project or programme financed by a special loan, a loan contract shall be drawn up between the Commission, acting on behalf of the Community, and the borrower.

3. Once the financing agreement has been signed, disbursements shall be made in accordance with the

financing plan laid down. Where a detailed estimate needs to be submitted for approval, it shall be deemed approved once 30 days have elapsed from its submission.

Article 153

1. Overruns on the funds provided under the financing decision shall be borne by the recipient country or territory.

2. The relevant authorities of the countries and territories shall set aside, within their indicative programme, a reserve fund to cover cost escalation and contingencies.

3. Financing agreements for all projects and programmes shall make adequate provision for appropriations to cover cost escalation and contingencies.

4. Once it appears that cost overruns are likely to be incurred, the territorial authorizing officer shall so inform the chief authorizing officer through the Commission delegate. The chief authorizing officer shall on this occasion be informed of the measures the territorial authorizing officer intends to take in order to cover such cost overruns, whether by reducing the scale of the project or programme or by calling on national or other non-Community resources.

5. By way of exception, overruns may be financed by the Community if it is not decided by common agreement to scale down the project or programme or if it is not possible to cover them by other resources.

6. However, any unexpended balance left upon closure of projects and programmes financed under the indicative programme which has not been re-allocated to the said programme for the financing of new operations may be allocated to cover overruns. The territorial authorizing officer may, in consultation with the chief authorizing officer, use such unexpended balance for covering cost overruns, within the limits of a ceiling set at 15 % of the financial commitment for the project or programme concerned.

7. In order to cut down the likelihood of overruns to a minimum, the countries and territories and the Community shall make every effort to:

- gather together all the factors required to assess the operations, notably the estimate of the actual costs,
- wherever possible, issue the invitations to tender before taking the financing decision.

Article 154

1. (a) Evaluation shall be undertaken during the execution of projects and programmes. The countries and territories concerned and the Community shall draw up a joint progress report, at agreed intervals, on the various aspects of the operation and its results.
- (b) Such report may serve to reorient the project or programme during execution if a joint decision is taken to this effect.
2. (a) The countries and territories concerned and the Community shall organize the joint evaluation of completed projects and programmes. Evaluation shall concern the results, by comparison with the objectives, and also the administration, functioning and maintenance of the completed projects. The two parties shall study the results of such evaluation.
- (b) The relevant authorities of the Community and of the countries and territories concerned shall each take the appropriate measures called for by the results of the evaluation work.

Section 2

Execution of financial and technical cooperation*Article 155*

1. The execution of financial and technical cooperation shall be carried out with the minimum of administrative formalities and using simplified procedures, so that projects and programmes may be implemented rapidly and efficiently.
2. The Community and the relevant authorities of the countries and territories respectively shall take adequate measures to ensure that the administrative bodies entrusted with the following duties and responsibilities can carry them out promptly and efficiently:
 - (a) preparation and approval of invitations to tender;
 - (b) issue of invitations to tender;
 - (c) receiving and examining tenders;
 - (d) deciding the outcome of tenders, submitting a proposal for the placing of contracts and giving final approval of same;
 - (e) signing of contracts and related documents.

3. The countries and territories, and other beneficiaries authorized by them, shall execute the projects and programmes financed by the Community; they shall in particular be responsible for preparing, negotiating and concluding the necessary contracts for the execution of these operations.

Article 156

1. The Commission shall appoint the chief authorizing officer of the Fund, who shall be responsible for managing the Fund's resources. Taking account in particular of the advance timetables for commitments and payments referred to in Article 147 (3), the chief authorizing officer shall accordingly commit, clear and authorize expenditure and keep the accounts of commitments and authorizations.
2. In close cooperation with the territorial authorizing officer, the chief authorizing officer shall ensure equality of conditions for participation in invitations to tender, and see to it that there is no discrimination in the invitation to tender dossier and that the tender selected is economically the most advantageous. The chief authorizing officer shall receive the result of the examination of the tenders and approve the proposal for the placing of the contract, subject to the powers exercised by the Commission delegate under Article 158.
3. Subject to the powers exercised by the territorial authorizing officer under Article 157, the chief authorizing officer shall make any adaptation arrangements and commitment decisions that prove necessary to ensure proper execution of approved operations from the economic and technical viewpoints.

Article 157

1. (a) The relevant authorities of each country or territory shall appoint a territorial authorizing officer to represent them in all operations financed from the Fund's resources administered by the Commission.
- (b) The territorial authorizing officer may delegate some of these functions and shall inform the chief authorizing officer of any such delegation.
2. In addition to his responsibilities in connection with the preparation, submission and appraisal of projects and programmes, the territorial authorizing officer shall, in close cooperation with the Commission delegate, issue invitations to tender, receive tenders, preside over the examination of tenders, establish the results of this examination, sign contracts and riders thereto and estimates and notify the Commission delegate thereof. He shall submit the invitation to tender dossier to the Commission delegate for agreement before issuing invitations to tender.

3. (a) The territorial authorizing officer shall transmit the result of the examination of the tenders and a proposal for placing the contract to the Commission delegate, who shall check that the tenders conform to the regulations laid down and give his comments within the time limit specified in Article 158 (3) (c) and (d), with effect from the date on which the delegate receives the proposal.

(b) After this time limit, the territorial authorizing officer's proposal shall be deemed to have been approved by the Commission.

4. The territorial authorizing officer shall clear and authorize expenditure within the limits of the funds assigned to this. He shall remain financially liable until the Commission gives final clearance for the operations for the execution of which he is responsible.

5. During the execution operations, and subject to the requirement to inform the Commission delegate, the territorial authorizing officer shall make any adaptation arrangements necessary to ensure the proper execution of approved operations from the economic and technical viewpoints.

Accordingly, the territorial authorizing officer shall decide on:

- (a) technical adjustments and alterations in matters of detail, so long as they do not affect the technical solutions adopted and remain within the limits of the reserve for minor adjustments;
- (b) minor alternations to estimates during execution;
- (c) transfers from item to item within estimates;
- (d) changes of site for multiple-unit projects where justified on technical, economic or social grounds;
- (e) imposition or remission of penalties for delay;
- (f) acts discharging guarantors;
- (g) purchase of goods, irrespective of their origin, on the local market;
- (h) use of construction equipment and machinery not originating in the Member States, countries, territories or ACP States provided there is no production of comparable equipment and machinery in the Member States, countries, territories or ACP States;
- (i) subcontracting;
- (j) final acceptance; however, the delegate must be present at provisional acceptances, endorse the corresponding minutes and, where appropriate, be present at the final acceptance, in particular where

the extent of the reservations recorded at the provisional acceptance necessitates major additional work;

- (k) hiring of consultants and other technical assistance experts.

6. For contracts of less than 4 million ECU and generally for any contract subject to an expedited procedure, decisions taken by the territorial authorizing officer, under the powers conferred upon him, shall be deemed approved by the Commission once 30 days have elapsed from their notification to the Commission delegate.

Article 158

1. For the purpose of implementing this Decision and in respect of the resources administered by the Commission, the latter shall be represented in the countries and territories by delegates.

2. At the express request of the relevant authorities of the countries and territories, the delegate shall give technical assistance in preparing and appraising projects financed from the Fund's resources. To this end, he may participate in preparing dossiers, in negotiating, with external technical assistance, contracts for studies, for the services of experts and for works supervision, in seeking ways to simplify project appraisal and implementation procedures and in preparing invitation to tender dossiers.

3. The Commission shall give its delegate the necessary instructions and delegated powers to facilitate and expedite the preparation, appraisal and execution of projects financed from the Fund's resources administered by it. The delegate shall work in close cooperation with the territorial authorizing officer and deal with that officer on behalf of the Commission.

In this capacity the delegate shall:

- (a) approve the invitation to tender dossier within one month wherever invitations to tender are to be issued by expedited procedure, or in other cases transmit it, within one month of receiving it, to the chief authorizing officer for publication;
- (b) be present at the opening of tenders, and receive a copy of them and of the results of their examination;
- (c) approve within one month the proposal for the placing of the contract in all cases where invitations to tender are issued by expedited procedure;
- (d) approve within one month the territorial authorizing officer's proposal for the placing of the contract,

irrespective of its value, wherever the following three conditions are fulfilled; the tender selected:

- is the lowest,
- is economically the most advantageous, and
- does not exceed the sum earmarked for the contract;

(e) where the conditions set out in (d) are not fulfilled, forward the proposal for the placing of the contract to the chief authorizing officer for agreement, and the chief authorizing officer shall decide thereon within two months of the receipt by the Commission delegate of the final outcome of the examination of the tenders and the proposal for the placing of the contract; in any event, the decision on the award of the contract shall be taken before the expiry of the tender validity period.

4. The delegate shall prepare the financing proposal.

5. The delegate shall, on a regular basis, and in certain cases acting on specific instructions from the Commission, inform the authorities on the spot of Community activities which may directly concern cooperation between the countries and territories and the Community.

6. The delegate shall cooperate with the aforementioned authorities in evaluating operations regularly. He shall draw up reports on the outcome of such evaluations and communicate them to the relevant authorities of the countries or territories concerned and the Commission.

7. Each year the delegate shall assess the Fund's operations in the country or territory in which he represents the Commission. Reports drawn up in this connection shall be communicated by the Commission to the relevant authority of the country or territory concerned.

8. (a) The delegate shall make sure, on behalf of the Commission, that the projects and programmes financed from the Fund's resources administered by the Commission are executed properly from the financial and technical viewpoints;

(b) accordingly, the delegate shall endorse contracts, riders thereto and estimates, as well as payment authorizations issued by the territorial authorizing officer.

Article 159

1. Services provided in connection with operations financed by the Fund shall be paid for, on instructions from the Commission, by drawing on the Fund's accounts.

2. For this purpose, accounts shall be opened in the Commission's name with a financial institution, which shall act as paying agent.

3. Within the limits of the funds available, the paying agent shall make the disbursements authorized after verifying that the supporting documents provided are substantively correct and in order, and that the discharge is valid.

Article 160

In general, payments shall be made in the form of advances to the countries and territories, so that they shall be spared any prefinancing burden. The Community may, however, effect payment direct to contractors, subject to the prior authorization of the relevant authorities of the countries and territories concerned and upon submission of the proper certificates of conformity.

Article 161

The procedures for clearance, authorization and payment of expenditure shall be completed within a maximum of:

- two months, in the case of supply and service contracts,
 - three months, in the case of works contracts,
- from the date on which the payment was due.

Section 3

Competition and preferences

Article 162

1. As a general rule, works and supply contracts financed from the Fund's resources administered by the Commission shall be concluded following an open invitation to tender.

2. As regards operations financed by the Community, participation in invitations to tender and contracts shall be open on equal terms to all natural persons and companies or firms falling within the scope of the Treaty, notably those of the countries and territories, and to all natural persons and companies or firms of the ACP States.

The companies or firms referred to in the preceding subparagraph shall be those defined in Article 177.

3. Measures to encourage the participation of enterprises of the countries, territories or ACP States in the performance of contracts shall be taken in order to permit optimum use of those countries', territories' or States' physical and human resources.

4. Paragraph 2 shall not imply that the funds provided by the Community must be used exclusively for purchases of goods or payment for services in the Member States of the Community, the countries and territories and the ACP States.

5. In order to encourage regional cooperation and to ensure optimum cost-effectiveness of the system, non-ACP developing countries associated with the Community under comprehensive cooperation agreements may be authorized, case by case and by way of exception, to participate in contracts financed by the Community, at the reasoned request of the relevant authority of the country or territory concerned.

6. The relevant authorities of the country or territory concerned shall provide the Commission with the information needed for a decision on such derogations. The Commission shall examine the information with particular attention to:

- (a) the geographical location of the country or territory concerned;
- (b) the competitiveness of suppliers and contractors from the Community, countries, territories or ACP States;
- (c) the need to avoid excessive increases in the cost of operations;
- (d) transport difficulties or delays due to delivery times or other similar problems;
- (e) technology that is the most appropriate and best suited to local conditions.

7. Participation by third countries in contracts financed by the Community may be authorized where the Community participates in the financing of regional or interregional cooperation schemes involving third countries and in the joint financing of projects with other providers of funds.

Article 163

1. The relevant authorities of the countries and territories and the Commission shall take the necessary measures to ensure the widest possible participation on equal terms in invitations to tender and works and supply contracts financed from the Fund's resources administered by the Commission.

2. The purpose of these measures shall be in particular to:

- (a) ensure publication of invitations to tender in the *Official Journal of the European Communities*, the official journals of the countries, territories and ACP States and any other suitable information media;
- (b) eliminate discriminatory practices or technical specifications which might stand in the way of widespread participation on equal terms;
- (c) encourage cooperation between the enterprises of the Member States, the countries and territories and the

ACP States, for example by means of pre-qualification and the creation of consortia.

Article 164

With the aim of ensuring the rapid and effective implementation of projects and programmes financed by the Community:

1. operations, the estimated cost of which is less than 4 million ECU, may be performed by direct labour subject to approval by the Community and where the recipient country or territory has sufficient suitable equipment and qualified staff available in its local departments;

2. without prejudice to the provisions of 1, an expedited procedure for issuing invitations to tender shall be organized in the case of works contracts the estimated cost of which is less than 4 million ECU.

The organization of this expedited procedure shall not rule out the possibility of issuing an international invitation to tender where it appears that the nature of the works to be performed or the usefulness of widening participation justify recourse to international competition;

3. for operations relating to emergency aid and for other operations where urgency of the situation is established or where the nature, small scale or certain particular characteristics of the works or supplies so warrant, the relevant authorities of the countries or territories may, in agreement with the Commission, authorize the placing of contracts by direct agreement or after restricted invitations to tender. However, in the case of emergency aid, it shall also be possible to have recourse to direct labour.

Article 165

To promote the widest possible participation by local enterprises of the countries and territories in the performance of works and supply contracts financed from the Fund's resources administered by the Commission, the following measures shall be adopted:

1. for carrying out works the value of which is less than 4 million ECU, local enterprises shall be accorded a 10% preference where tenders of equivalent economic and technical quality are compared. This preference shall be confined to local enterprises in the countries or territories, provided that their residence for tax purposes and main business headquarters are established in a country or territory and that a significant share of the capital and management staff is supplied by one or more countries or territories.

2. for the delivery of supplies, irrespective of their value, enterprises of the countries or territories shall be accorded a 15% preference where tenders of

equivalent economic and technical quality are compared. This preference shall be confined to local enterprises of the countries or territories which account for a sufficient margin of added value.

Article 166

1. For each operation the criteria for selecting the tender that is economically the most advantageous shall take into account *inter alia* the qualifications of and the guarantees offered by the tenderers, the nature and conditions of implementation of the works or supplies and the price, operating costs, and technical value of those works or supplies and the offer of an after-sales service in the country or territory concerned.

2. Where two tenders are acknowledged to be equivalent on the basis of the criteria stated above, preference shall be given to the tender of the enterprise which is a national of a country or territory or an ACP State or, if no such tender is forthcoming, to the one which permits the greatest possible use of the physical and human resources of the countries, territories or ACP States.

3. The relevant authorities of the countries and territories and the Commission shall ensure that all the selection criteria are specified in the invitation to tender dossier.

Article 167

The general conditions applicable to the award and performance of works and supply contracts financed from the Fund's resources administered by the Commission are contained in the general conditions, which shall be adopted by decision of the Council on a proposal from the Commission.

Article 168

Any dispute arising between the authorities of a country or territory and a contractor, supplier or provider of services, candidate or tenderer, on the occasion of the placing or performance of a contract financed by the Fund shall be settled by arbitration in accordance with procedural rules adopted by the Council on a proposal from the Commission.

Section 4

Tax and customs arrangements

Article 169

The tax and customs arrangements applicable in the countries and territories to contracts financed by the Community are set out in Annex VII.

TITLE IV

INVESTMENT, CAPITAL MOVEMENTS, ESTABLISHMENT AND SERVICES

Chapter 1

Investment

Article 170

The Community and the Member States recognize the importance of private investment for the promotion of development in the countries and territories and acknowledge in this respect the need to take such steps as would promote such investment. To this end it is appropriate to:

- (a) implement measures to encourage private economic operators who comply with the development objectives and priorities of the countries and territories, and with the appropriate laws and regulations, to participate in their development efforts;
- (b) accord fair and equitable treatment to such investors, and encourage and create clear and stable conditions conducive to the participation of such investors;
- (c) maintain a predictable and secure investment climate;
- (d) promote effective cooperation amongst the respective economic operators of the countries and territories and the Member States.

Article 171

In order to promote the development of private investment flows in the countries and territories in cooperation with other interested bodies, it is appropriate to:

- (a) encourage the flow of information on investment opportunities between financial or development finance institutions, other specialized financial institutions and other potential investors and sponsors by organizing periodic investment promotion meetings, making available regular information on existing financial or other specialized institutions, their facilities and conditions and establishing suitable information centres;
- (b) make a detailed analysis, taking full account of work being done in other institutions, of possible net increases in the flow of funds for investment financing that might result from greater use of co-financing and joint ventures and, in this regard, enable suggestions to be made to multilateral, regional and other institutions regarding ways and means of improving and increasing the number of such arrangements in order to expand the funds available to countries or territories in the form of equity and long-term capital;

- (c) strengthen, with financial and technical assistance from the Community, existing activities to promote European private investment in the countries and territories by organizing discussions between the relevant authorities of the countries or territories interested and potential private investors on the legal and financial framework which those countries or territories offer or might offer to a potential investor;
- (d) encourage the dissemination, to all interested parties, of information on the nature and availability of investment guarantees and insurance mechanisms to facilitate investment in the countries and territories, and encourage or prepare, wherever appropriate, the creation or expansion of such mechanisms in the countries and territories, if necessary in collaboration with other appropriate agencies;
- (e) provide assistance to small and medium-sized enterprises in the countries or territories in designing and obtaining equity and loan financing on optimal terms and conditions;
- (f) explore ways and means of overcoming or reducing the risk for individual investment projects that are in themselves viable and could contribute to economic progress;
- (g) help the relevant authorities of the countries and territories to:
 - (i) improve the quality of feasibility studies and the preparation of projects with appropriate economic and financial effects;
 - (ii) introduce integrated project management covering the entire project development cycle within the framework of the development programme of the country or territory concerned.

Article 172

1. The Community hereby recognizes that the least developed countries and territories suffer from certain unique disadvantages which render them less attractive to private investment.

2. It will therefore endeavour to help improve their ability to attract investment.

Chapter 2

Provisions relating to current payments and capital movements

Article 173

With regard to capital movements linked with investments and to current payments, the relevant authorities of the countries and territories and the Member States shall refrain from taking action in the field of foreign exchange transactions which would be incompatible with their obligations under this Decision resulting from the provisions relating to trade in goods, services, establishment and industrial cooperation. These

obligations shall not, however, prevent the implementation of the necessary protective measures should this be justified by reasons relating to serious economic difficulties or severe balance of payments problems.

Article 174

In respect of foreign exchange transactions linked with investments and current payments, the relevant authorities of the countries and territories on the one hand and the Member States on the other shall avoid, as far as possible, taking discriminatory measures *vis-à-vis* each other or according more favourable treatment to third states, taking full account of the evolving nature of the international monetary system, the existence of specific monetary arrangements and balance of payment problems.

Where such measures or treatment are unavoidable, they shall be maintained or introduced in accordance with international monetary rules and every effort shall be made to minimize any adverse effects on the parties concerned.

Article 175

Throughout the duration of the loans and risk capital operations provided for in Article 127, the relevant authorities of the countries and territories shall be obliged to:

- (a) place at the disposal of the beneficiaries referred to in Article 125 the currency necessary for the payment of interest and commission on and amortization of loans and quasi-capital aid granted for the implementation of aid measures on their territory;
- (b) make available to the Bank the foreign currency necessary for the transfer of all sums received by it in national currency which represent the net revenue and proceeds from transactions involving the acquisition by the Community of holdings in the capital of companies or firms.

Chapter 3

Provisions relating to establishment and services

Article 176

As regards the arrangements that may be applied in matters of establishment and provision of services, the relevant authorities of the countries and territories shall treat nationals and companies or firms of Member States on a non-discriminatory basis. However, if, for a given activity, a Member State is unable to provide similar treatment for nationals or companies or firms of the Kingdom of Denmark, the French Republic, the Kingdom of the Netherlands or the United Kingdom of Great Britain and Northern Ireland, established in a country or territory, or for companies, or firms subject

to the laws of the country or territory concerned and established therein, the relevant authorities of that country or territory shall not be bound to accord such treatment.

Article 177

For the purposes of this Decision 'companies or firms' means companies or firms constituted under civil or commercial law, including cooperative societies and other legal persons governed by public or private law, save for those which are non-profit making.

'Companies or firms of Member States' means companies or firms formed in accordance with the law of a Member State whose registered office, central administration or principal place of business is in a Member State; however, a company or firm having only its registered office in a Member State must be engaged in an activity which has an actual and continuous link with the economy of that Member State.

'Companies or firms of the Kingdom of Denmark, the French Republic, the Kingdom of the Netherlands or the United Kingdom of Great Britain and Northern Ireland established in a country or territory' means companies or firms formed in accordance with Danish, French, Dutch or United Kingdom law, as the case may be, whose registered office, central administration or principal place of business is in that country or territory; however a company or firm having only its registered office in a country or territory must be engaged in an activity which has an actual and continuous link with the economy of that country or territory.

'Companies or firms subject to the laws of the country or territory concerned and established therein' means companies or firms formed in accordance with the law applicable in a given country or territory whose registered office, central administration or principal place of business is in that country or territory; however, a company or firm having only its registered office in that country or territory must be engaged in an activity which has an actual and continuous link with the economy of that country or territory.

TITLE V

GENERAL PROVISIONS FOR THE LEAST DEVELOPED COUNTRIES AND TERRITORIES

Article 178

Special attention shall be paid to the least developed countries and territories and their specific needs and problems in order to enable them to take full advantage of the opportunities offered by this Decision.

In this spirit, Article 180 contains specific provisions and adjustments to the general provisions applicable to all countries and territories, with details of derogations from such provisions in different fields.

Article 179

1. The following shall be considered least developed countries or territories for the purposes of this Decision:

- Anguilla,
- Mayotte,
- Montserrat,
- Saint Helena,
- Turks and Caicos Islands,
- Wallis and Futuna Islands.

2. The list of countries and territories in paragraph 1 may be amended by Decision of the Council where the economic situation of a country or territory undergoes a significant and lasting change either so as to necessitate its inclusion in the category of least developed countries and territories or so that its inclusion in that category is no longer warranted.

Article 180

The provisions laid down pursuant to Article 178 in respect of the least developed countries and territories are contained in the following Articles:

- *Agricultural cooperation and food security:*
Articles 11 and 12,
- *Industrial development:*
Article 30 (2) and (3),
- *Transport and communications:*
Article 46,
- *Development of trade and services:*
Article 49 (3),
- *Regional cooperation:*
Article 64,
- *Stabilization of export earnings from agricultural commodities:*
Articles 97 (2), 98 (2) and 107,
- *Mining products: special financing facility (SYSMIN):*
Articles 114 and 118,
- *Financial and technical cooperation:*
Articles 119 (h), 122 (2) (c), second indent of 124 (2), 129 (2) (c), 130 (11), 133 (4) and 149 (6),
- *Rules of origin:*
Article 28 (4) of Annex II.

PART THREE

FINAL PROVISIONS

Article 181

Subject to the special provisions regarding the relations between the countries and territories and the French overseas departments provided for herein, this Decision shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territories of the countries and territories.

Article 182

This Decision shall enter into force on 1 July 1986.

Article 183

This Decision shall apply until 28 February 1990.

Article 184

1. The countries and territories to which this Decision applies are listed in Annex I.
2. The Council, acting unanimously on a proposal from the Commission, may amend or supplement the said Annex.

The arrangements provided for in this Decision may continue to apply provisionally, under conditions laid

down by the Council, to countries and territories which become independent.

Article 185

If a country or territory becomes independent, the Council, acting unanimously on a proposal from the Commission, shall decide on any necessary adjustments to this Decision, in particular to the amounts specified in Article 128.

Article 186

Before this Decision expires, the Council, acting unanimously, shall establish the provisions to be laid down for the application of the principles set out in Article 131 to 135 of the Treaty.

Article 187

This Decision shall be published in the *Official Journal of the European Communities*.

Done at Luxembourg, 30 June 1986.

For the Council.

The President

N. SMIT-KROES

*ANNEX I***List of the countries and territories referred to in Article 1**

(This list does not prejudice the status of these countries and territories, or future changes in their status.)

1. Country having special relations with the Kingdom of Denmark: Greenland
 2. Overseas territories of the French Republic:
 - New Caledonia and Dependencies,
 - French Polynesia,
 - French Southern and Antarctic Territories,
 - Wallis and Futuna Islands.
 3. Territorial collectivities of the French Republic:
 - Mayotte,
 - Saint Pierre and Miquelon.
 4. Overseas countries of the Kingdom of the Netherlands:
 - Aruba,
 - Netherlands Antilles:
 - Bonaire,
 - Curaçao,
 - Saba,
 - Saint Eustatius,
 - Saint Martin.
 5. Overseas countries and territories of the United Kingdom of Great Britain and Northern Ireland:
 - Anguilla,
 - Cayman Islands,
 - Falkland Islands,
 - South Sandwich Islands and Dependencies,
 - Montserrat,
 - Pitcairn,
 - Saint Helena and Dependencies,
 - British Antarctic Territory,
 - British Indian Ocean Territory,
 - Turks and Caicos Islands,
 - British Virgin Islands.
-

ANNEX II

concerning the definition of the concept of 'originating products' and methods of administrative cooperation

TITLE I

Definition of the concept of originating products

Article 1

1. For the purpose of implementing the Decision and without prejudice to paragraphs 3 and 4, the following products shall be considered:

- (a) products originating in the Community:
1. products wholly obtained in the Community;
 2. products obtained in the Community in the manufacture of which products other than those wholly obtained in the Community are used provided that the said products have undergone sufficient working or processing within the meaning of Article 3;
- (b) products originating in the countries and territories:
1. products wholly obtained in one or more countries or territories;
 2. products obtained in one or more countries or territories in the manufacture of which products other than those wholly obtained in the countries and territories are used, provided that the said products have undergone sufficient working or processing within the meaning of Article 3.

2. For the purpose of implementing paragraph 1 (b), the countries and territories shall be considered to be one territory.

3. For the purpose of implementing paragraph 1 (a) (1), products wholly obtained in one or more countries or territories which undergo working or processing in the Community shall be considered to have been wholly obtained in the Community.

For the purpose of implementing paragraph 1 (a) (2), working or processing in one or more countries or territories shall be considered as having been carried out in the Community, where the products thus obtained undergo subsequent working or processing in the Community.

This paragraph shall be applicable on condition that the products in question were transported direct, within the meaning of Article 5.

4. For the purpose of implementing paragraph 1 (b) (1), products wholly obtained in the Community or in one or more ACP States which undergo working or processing in one or more countries or territories shall be considered to have been wholly obtained in that or those countries or territories.

For the purpose of implementing paragraph 1 (b) (2), working or processing in the Community or in one or more ACP States shall be considered to have been carried out in one or more countries or territories where the products thus obtained undergo subsequent working or processing in that or those countries or territories.

This paragraph shall be applicable on condition that the products in question were transported direct, within the meaning of Article 5.

5. For the purpose of implementing the previous paragraphs, and provided that all the conditions laid down in those paragraphs are fulfilled, products obtained in two or more countries or territories or in the Community shall be considered to be products originating in the countries or territory where the last working or processing took place or as products originating in the Community if the last working or processing took place in the Community. For this purpose the working or processing mentioned in Article 3 (4) (a), (b), (c) and (d) shall not be considered as working or processing, nor shall a combination of such working or of such processing.

6. The products in List C in Annex 4 shall be temporarily excluded from the scope of this Annex. Nevertheless, the arrangements regarding administrative cooperation shall apply *mutatis mutandis* to these products.

Article 2

The following shall be considered wholly obtained in one or more countries and territories, in the Community or in one or more ACP States, within the meaning of Article 1 (1) (a) (1), (b) (1) (3) and (4):

- (a) mineral products extracted from their soil or from their seabed;
- (b) vegetable products harvested therein;
- (c) live animals born and raised therein;
- (d) products from live animals raised therein;
- (e) products obtained by hunting or fishing conducted therein;
- (f) products of sea fishing and other products taken from the sea by their vessels;
- (g) products made aboard their factory ships exclusively from products referred to in (f);

- (h) used articles collected there fit only for the recovery of raw materials;
- (i) waste and scrap resulting from manufacturing operations conducted therein;
- (j) goods produced there exclusively from the products specified in (a) to (i).

Article 3

1. For the purpose of implementing Article 1 (1) (a) (2) and (b) (2) the following shall be considered sufficient working or processing:

- (a) working or processing as a result of which the goods obtained receive a classification under a heading other than that covering each of the products worked or processed, except, however, working or processing specified in List A in Annex 2, where the special revisions of that list apply;
- (b) working or processing specified in List B in Annex 3.

'Sections', 'chapters' and 'headings' shall mean the sections, chapters and headings in the Customs Cooperation Council Nomenclature for the classification of goods in customs tariffs.

2. Notwithstanding the provisions of paragraph 1 and without prejudice to the other provisions of this Title, the incorporation of non-originating materials and parts in a given product obtained shall deprive such products of their originating status only if the value of the said materials and parts incorporated exceeds 5 % of the value of the finished product.

3. Where, for a given product obtained, two or more percentage rules limit, in either List A or List B or in both, the value of the materials and parts which may be used, the total value of these materials and parts, whether or not they have changed tariff heading in the course of the working, processing or assembly within the limits and under the conditions laid down in the said lists, may not exceed, in relation to the value of the product obtained, the value corresponding either, where the rates are identical, to this common rate, or to the higher of the rates if they are different. These provisions shall also apply where paragraph 2 is applied.

4. For the purpose of implementing paragraph 1 (a) the following shall always be considered as insufficient working or processing to confer the status of originating products, whether or not there is a change of heading:

- (a) operations to ensure the preservation of merchandise in good condition during transport and storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations);
- (b) simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting up;
- (c) (i) changes of packaging and breaking up and assembly of consignments;
- (ii) simple placing in bottles, flasks, bags, cases, boxes, fixing on cards or boards, etc., and all other simple packing operations;
- (d) affixing marks, labels or other like distinguishing signs on products or their packaging;
- (e) (i) simple mixing of products of the same kind where one or more components of the mixtures do not meet the conditions laid down in this Annex to enable them to be considered as originating in the Community, in the countries and territories or in an ACP State;
- (ii) simple mixing of products of different kinds unless one or more components of the mixture meet the conditions laid down in this Annex to enable them to be considered as originating in the Community, in the countries and territories or in an ACP State, and provided that such components contribute in determining the essential characteristics of the finished product;
- (f) simple assembly of parts of articles to constitute a complete article;
- (g) a combination of two or more operations mentioned in (a) to (f);
- (h) slaughter of animals.

Article 4

Where the Lists A and B referred to in Article 3 provide that goods obtained in the Community or in one or more countries or territories shall be considered as originating therein only if the value of the products worked or processed does not exceed a given percentage of the value of the goods obtained, the values to be taken into consideration for such percentage shall be:

- on the one hand, as regards products whose import can be proved: their customs value at the time of import; and, as regards products of undetermined origin: the earliest ascertainable price paid for such

products in the Community or in one of the countries and territories where manufacture takes place,

— and, on the other hand, the ex-works price of the goods obtained, less internal taxes refunded or refundable on export.

Article 5

1. For the purpose of implementing Article 1 (1), (3) and (4), products whose transport is effected without entering into territory other than that of the Community, the countries and territories or the ACP States shall be considered to have been transported direct from the countries and territories or the ACP States to the Community or from the Community or the ACP States to the countries and territories. Goods constituting one single consignment may, however, be transported through territory other than that of the Community, the countries and territories or the ACP States, with, should the occasion arise, transshipment or temporary warehousing in such territory, provided that the crossing of the latter territory is justified for geographical reasons or the needs of transport and that the products have not entered into commerce or been delivered for home use and have not undergone operations other than unloading, reloading or any operation designed to preserve them in the same state.

Interruptions or changes in the method of transport due to *force majeure* or consequent upon conditions at sea shall not affect the application of the preferential treatment laid down in this Annex, provided that the goods have not, during these interruptions or changes, entered into commerce or been delivered for home use and have not undergone any operations other than those designed to preserve them in the same state.

2. Evidence that the conditions referred to in paragraph 1 have been fulfilled shall be supplied to the relevant customs authorities in the Community by the production of:

- (a) a through bill of lading issued in the exporting Member State, country, territory or ACP State covering the passage through the country of transit;
- (b) or a certificate issued by the customs authorities of the country of transit:
 - giving an exact description of the goods,
 - stating the dates of unloading and reloading of the goods or of their embarkation or disembarkation, identifying the ships used,
 - certifying the conditions under which the goods remained in the transit country;
- (c) or failing these, any substantiating documents.

TITLE II

Methods of administrative cooperation

Article 6

1. (a) Evidence of products' originating status, within the meaning of this Annex, is given by a movement certificate EUR. 1, of which a specimen is given in Annex 5.
 - (b) However, the evidence of originating status, within the meaning of this Annex, of products which form the subject of postal consignments (including parcels), provided that they consist only of originating products and that the value does not exceed 2 355 ECU per consignment, is given by a form EUR. 2, of which a specimen is given in Annex 6.
 - (c) Up to and including 30 April 1987 the ECU to be used in any given national currency of a Member State shall be the equivalent in that national currency of the ECU as at 1 October 1984. For each successive period of two years it shall be the equivalent in that national currency of the ECU as at the first working day in October in the year immediately preceding that two-year period.
 - (d) Revised amounts replacing the amounts expressed in ECU mentioned above and in Article 16 (2), may be introduced by the Community at the beginning of any successive two-year period, if necessary. These amounts shall be, in any event, such as to ensure that the value of the limits as expressed in the currency of any Member State does not decline.
 - (e) If the goods are invoiced in the currency of another Member State, the importing Member State or country or territory shall recognize the amount notified by the Member State concerned.
2. Where, at the request of the person declaring the goods at the customs, a dismantled or non-assembled article falling within Chapter 84 or 85 of the Customs Cooperation Council Nomenclature is imported by instalments on the conditions laid down by the relevant authorities, it shall be considered to be a single article and a movement certificate may be submitted for the whole article upon import of the first instalment.
3. Accessories, spare parts and tools despatched with a piece of equipment, machine, apparatus or vehicle which are part of the normal equipment and included in the price thereof or are not separately invoiced shall be regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

4. Sets, as defined in General Rule 3 of the Customs Cooperation Council Nomenclature, shall be regarded as originating when all component articles are originating products. Nevertheless, when a set is composed of originating and non-originating articles, the set as a whole shall be regarded as originating provided that the value of the non-originating articles does not exceed 15 % of the total value of the set.

Article 7

1. A movement certificate EUR. 1 shall be issued by the customs authorities of the exporting Member State or country or territory when the goods to which it relates are exported. It shall be made available to the exporter as soon as actual export has been effected or ensured.

2. In exceptional circumstances a movement certificate EUR. 1 may also be issued after export of the goods to which it relates if it was not issued at the time of export because of errors or involuntary omissions or special circumstances. In this case, the certificate shall bear a special reference to the conditions in which it was issued.

3. A movement certificate EUR. 1 shall be issued only on application having been made in writing by the exporter. Such application shall be made on a form, of which a specimen is given in Annex 5, which shall be completed in accordance with this Annex.

4. A movement certificate EUR. 1 may be issued only where it can serve as the documentary evidence required for the purpose of implementing the Decision.

5. Applications for movement certificates EUR. 1 must be preserved for at least three years by the customs authorities of the exporting Member State, country or territory.

Article 8

1. The movement certificate EUR. 1 shall be issued by the customs authorities of the exporting Member State, country or territory if the goods can be considered 'originating products' within the meaning of this Annex.

2. For the purpose of verifying whether the conditions stated in paragraph 1 have been met, the customs authorities shall have the right to call for any documentary evidence or to carry out any check which they consider appropriate.

3. It shall be the responsibility of the customs authorities of the exporting Member State, country or territory to ensure that the forms referred to in Article 9 are duly completed. In particular, they shall check whether the space reserved for the description of the goods has been completed in such a manner as to

exclude all possibility of fraudulent additions. To this end, the description of the goods must be indicated without leaving any blank lines. Where the space is not completely filled, a horizontal line must be drawn below the last line of the description, the empty space being crossed through.

4. The date of issue of the movement certificate must be indicated in the part of the certificate reserved for the customs authorities.

Article 9

1. Movement certificates EUR. 1 shall be made out on the form of which a specimen is given in Annex 5. This form shall be printed in one or more of the official languages of the Community. Certificates shall be made out in one of these languages and in accordance with the provisions of the domestic law of the exporting Member State, country or territory. If they are handwritten, they shall be completed in ink and in capital letters.

2. Each certificate shall measure 210 × 297 mm, a tolerance of up to plus 8 mm or minus 5 mm in the length may be allowed. The paper used must be white writing paper, sized, not containing mechanical pulp and weighing not less than 25 g/m². It shall have a printed green guilloche pattern background making any falsification by mechanical or chemical means apparent to the eye.

3. The exporting Member States and the relevant authorities of the exporting countries and territories may reserve the right to print the certificates themselves or may have them printed by printers they have approved. In the latter case, each certificate must include a reference to such approval. Each certificate must bear the name and address of the printer or a mark by which the printer can be identified. It shall also bear a serial number, either printed or not, by which it can be identified.

Article 10

1. Under the responsibility of the exporter, he or his authorized representative shall request the issue of a movement certificate EUR. 1.

2. The exporter or his representative shall submit with his request any appropriate supporting document proving that the goods to be exported are such as to qualify for the issue of a movement certificate EUR. 1.

Article 11

1. A movement certificate EUR. 1 must be submitted, within 10 months of the date of issue by the customs authorities of the exporting Member State, country or territory, to the customs authorities of the importing Member State, country or territory where the goods are entered.

2. It shall at any time be possible to replace one or more movement certificates EUR. 1 by one or more other movement certificates EUR. 1 provided that this is done at the customs office where the goods are located.

Article 12

Movement certificates EUR. 1 shall be submitted to customs authorities in the importing Member State, country or territory, in accordance with the procedures laid down by that Member State, country or territory. The said authorities may require a translation of a certificate. They may also require the import declaration to be accompanied by a statement from the importer to the effect that the goods meet the conditions required for the implementation of the Decision.

Article 13

1. A movement certificate EUR. 1 which is submitted to the customs authorities of the importing Member State, country or territory after the final date for presentation specified in Article 11 may be accepted for the purpose of applying preferential treatment, where the failure to submit the certificate by the final date set is due to reasons of *force majeure* or exceptional circumstances.

2. In other cases of belated presentation, the customs authorities of the importing Member State, country or territory may accept the certificates where the goods have been submitted to them before the said final date.

Article 14

The discovery of slight discrepancies between the statements made in the movement certificate EUR. 1 and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the goods shall not *ipso facto* render the certificate null and void if it is duly established that the certificate does correspond to the goods submitted.

Article 15

Form EUR. 2 a specimen of which is given in Annex 6, shall be completed by the exporter. It shall be made out in one of the official languages of the Community and in accordance with the provisions of the domestic law of the exporting country or territory. If it is handwritten, it must be completed in ink and in capital letters.

Form EUR. 2 shall consist of a single sheet measuring 210 × 148 mm. The paper used shall be white writing paper, sized, not containing mechanical pulp and weighing not less than 64 g/m².

The exporting Member States and the relevant authorities of the exporting countries or territories may reserve the right to print the forms themselves or may have them printed by printers they have approved. In the

latter case, each form must include a reference to such approval. Each form shall bear the distinctive sign attributed to the approved printer and a serial number, either printed or not, by which it can be identified.

A form EUR. 2 shall be completed for each postal consignment. After completing and signing the form, the exporter shall, in the case of consignments by parcel post, attach the form to the despatch note. In the case of consignment by letter post, the exporter shall insert the form inside the package.

These provisions do not exempt exporters from complying with any other formalities required by customs or postal regulations.

Article 16

1. Goods sent as small packages to private persons or forming part of travellers' personal luggage shall be admitted as originating products to the benefit of the provisions of this Annex without requiring the production of a movement certificate EUR. 1 or the completion of a form EUR. 2, provided that such goods are not imported by way of trade and have been declared as meeting the conditions required for the application of these provisions, and where there is no doubt as to the veracity of such declaration.

2. Imports which are occasional and consist solely of goods for the personal use of the recipients or travellers or their families shall not be considered as imports by way of trade if it is evident from the nature and quantity of the goods that no commercial purpose is in view. Furthermore, the total value of these goods must not exceed 165 ECU in the case of small packages or 470 ECU in the case of the contents of travellers' personal luggage.

Article 17

1. Goods sent from a Member State or from a country or territory for exhibition in a country other than a Member State, a country or territory or an ACP State and sold after the exhibition for importation into the Community or into a different country or territory shall benefit on importation from the provisions of this Decision on condition that the goods meet the requirements of this Annex entitling them to be recognized as originating in a country or territory and provided that it is shown to the satisfaction of the customs authorities that:

- (a) an exporter has consigned these goods from the Community or from a country or territory to the country in which the exhibition is held and has exhibited them there;
- (b) the goods have been sold or otherwise disposed of by that exporter to someone in the Community or in a country or territory;
- (c) the goods have been consigned during the exhibition or immediately thereafter to the Community in the

state in which they were sent for exhibition;

(d) the goods have not, since they were consigned for exhibition, been used for any purpose other than demonstration at the exhibition.

2. A movement certificate EUR. 1 must be produced to the customs authorities in the normal manner. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of the nature of the goods and the conditions under which they have been exhibited may be required.

3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organized for private purposes in shops or business premises with a view to the sale of foreign goods, and during which the goods remain under customs control.

Article 18

1. When a certificate is issued within the meaning of Article 7 (2) after the goods to which it relates have actually been exported, the exporter must in the application referred to in Article 7 (3):

- indicate the place and date of export of the goods to which the certificate relates,
- certify that no movement certificate EUR. 1 was issued at the time of export of the goods in question, and state the reasons.

2. The customs authorities may issue a movement certificate EUR. 1 retrospectively only after verifying that the information supplied in the exporter's application agrees with that in the corresponding file.

Certificates issued retrospectively must be endorsed with one of the following phrases: 'NACHTRÄGLICH AUSGESTELLT', 'DÉLIVRÉ A POSTERIORI', 'RILASCIATO A POSTERIORI', 'AFGEGEVEN A POSTERIORI', 'ISSUED RETROSPECTIVELY', 'UDSTEDT EFTERFØLGENDE', 'ΕΚΔΟΘΕΝ ΕΚ ΤΩΝ ΥΣΤΕΡΩΝ'.

Article 19

In the event of the theft, loss or destruction of a movement certificate EUR. 1, the exporter may apply to the customs authorities which issued it for a duplicate made out on the basis of the export documents in their possession. The duplicate issued in this way must be endorsed with one of the following words: 'DUPLIKAT', 'DUPLICATA', 'DUPLICATO', 'DUPLICAAT', 'DUPLICATE', 'ΑΝΤΙΓΡΑΦΟ'.

Article 20

1. When paragraphs 2, 3 and 4 of Article 1 are applied, for the issue of a movement certificate EUR. 1, the relevant customs office in the Member State, country or territory requested to issue the certificate for products in the manufacture of which products coming from other Member States, other countries or territories or ACP States are used, shall take into consideration the declaration, of which a specimen is given in Annex 7, given by the exporter in the State, country or territory from which the products came, either on the commercial invoice applicable to the products, or on a supporting document to that invoice.

2. The submission of the information certificate, issued under the conditions set out in Article 21 and of which a specimen is given in Annex 8, may however be requested of the exporter by the customs office concerned, either for checking the authenticity and accuracy of information given on the declaration provided for in paragraph 1, or for obtaining additional information.

Article 21

The information certificate concerning the products taken into use shall be issued at the request of the exporter of the products, either in the circumstances envisaged in Article 20 (2), or at the initiative of the exporter, by the relevant customs office in the State, country or territory from which the goods were exported. It shall be made out in duplicate. One copy shall be given to the exporter who has requested it, who shall send it either to the exporter of the final products or to the customs office where the issue of the movement certificate EUR. 1 for these products has been requested. The second copy shall be preserved by the office which has issued it for at least three years.

Article 22

Member States and the relevant authorities of the countries and territories shall take all necessary steps to ensure that goods traded under cover of a movement certificate EUR. 1, and which in the course of transport use a free zone situated in their territory, are not replaced by other goods and that they do not undergo handling other than normal operations designed to preserve them in the same state.

Article 23

In order to ensure the proper application of this Title, the Member States and the relevant authorities of the countries and territories and the ACP States shall assist each other, through their respective customs administrations, in checking the authenticity of movement certificates EUR. 1 and the accuracy of the information concerning the actual origin of the products concerned and the declarations by exporters on forms EUR. 2 and the authenticity and accuracy of the information certificates envisaged in Article 20.

Article 24

Penalties shall be imposed on any person who, in order to enable goods to be accepted as eligible for preferential treatment, draws up, or causes to be drawn up, either a document which contains incorrect particulars for the purpose of obtaining a movement certificate EUR. 1 or a form EUR. 2 containing incorrect particulars.

Article 25

1. Subsequent verification of movement certificates EUR. 1 and of forms EUR. 2 shall be carried out at random or whenever the customs authorities of the importing Member State, country or territory have reasonable doubt as to the authenticity of the document or the accuracy of the information regarding the true origin of the goods in question.

2. For the purpose of implementing paragraph 1, the customs authorities of the importing Member State, country or territory shall return the movement certificate EUR. 1 or form EUR. 2 or a photocopy thereof, to the customs authorities of the exporting Member State, country, or territory, giving, where appropriate, the reasons of form or substance for an inquiry. The invoice, if it has been submitted, or a copy thereof shall be attached to certificate EUR. 1 or to form EUR. 2 and the customs authorities shall forward any information that has been obtained suggesting that the particulars given on the said certificate or the said form are inaccurate.

if the customs authorities of the importing Member State, country or territory decide to suspend execution of the Decision while awaiting the results of the verification they shall offer to release the goods to the importer subject to any precautionary measures judged necessary.

3. The customs authorities of the importing Member State, country or territory shall be informed of the results of the verification within three months. These results must be such as to make it possible to determine whether the disputed movement certificate EUR. 1 or form EUR. 2 applies to the goods actually exported, and whether these goods can, in fact, qualify for the application of the preferential arrangements.

When such disputes cannot be settled between the customs authorities of the importing Member State, country or territory and those of the exporting Member State, country or territory, or when they raise a question as to the interpretation of this Annex, they shall be submitted to the Committee on Origin set up under Council Regulation (EEC) No 802/68 of 27 June 1968 on the common definition of the concept of the origin of goods ⁽¹⁾.

In all cases the settlement of disputes between the importer and the customs authorities of the importing

Member State, country or territory shall be under the legislation of the said State, country or territory.

Article 26

Subsequent verification of the information certificate referred to in Article 20 shall be carried out in the circumstances envisaged in Article 25 following a similar procedure to that laid down in that Article.

Article 27

The Council shall, if necessary or whenever the relevant authorities of the Community or of a country or territory so request, examine the application of the provisions of this Annex and their economic effects with a view to making any necessary amendments or adaptations.

The Council shall take into account among other elements the effects on the rules of origin of technological developments.

Decisions taken shall be implemented as soon as possible.

Article 28

1. Derogations from this Annex may be adopted by the Council where the development of existing industries in a country or territory or the creation of new industries in a country or territory justifies them.

The Member State concerned, or, where appropriate, the relevant authority of the country or territory concerned shall notify the Community of its request for a derogation together with the grounds for the request in accordance with Explanatory Note 11.

2. In the examination of requests, particular account shall be taken of:

- (a) the level of development or the geographical situation of the country or territory concerned;
- (b) cases where the application of the existing rules of origin would significantly affect the ability of an existing industry in a country or territory to continue its exports to the Community, with particular reference to cases where this could lead to cessation of its activities;
- (c) specific cases where it can be clearly demonstrated that significant investment in an industry could be deterred by the rules of origin and where a derogation favouring the realization of an investment programme would enable these rules to be satisfied by stages.

3. In every case an examination shall be made to ascertain whether the rules relating to cumulation of origin do not provide a solution to the problem.

⁽¹⁾ OJ No L 148, 28. 6. 1968, p. 1.

4. In addition, when a request for derogation concerns a least developed country or territory, its examination shall be carried out with a favourable bias, having particular regard to:

- (a) the economic and social impact of the decision to be taken, especially in respect of employment;
- (b) the need to apply the derogation for a period taking into account the particular situation of the least developed country or territory concerned and its difficulties.

5. In the examination of requests, special account shall be taken, case by case, of the possibility of conferring originating status on products which include in their composition products originating in neighbouring developing countries or least developed countries, provided that satisfactory administrative cooperation can be established.

6. Without prejudice to paragraphs 1 to 4, the derogation shall be granted where the value added to the non-originating products used in the countries or territories concerned is at least 60 % of the value of the finished product, provided that the derogation is not such as to cause serious injury to an economic sector of the Community or of one or more Member States.

7. The Council, on the basis of a report from the Committee on Origin, shall examine these requests as soon as possible and take the necessary steps to ensure that a decision is reached as quickly as possible and in any case no later than three months after the request has been received.

- 8. (a) the derogations shall generally be valid for a period of three years, but this period may be extended to a maximum of five years to take account of the particular situation of the country or territory requesting the derogation;
- (b) Provision may be made in the derogation decision for renewals for periods of up to two years, but in no case exceeding a total of five years, without there being a need for the Committee to take a new decision, provided that the relevant authorities of the country(ies) or territory(ies) concerned prove, three months before the end of each period, that they are still unable to comply with the provisions of this Annex for which the derogation was granted.

Article 29

The annexes to this Annex shall form an integral part thereof.

*Annex 1 to Annex II***EXPLANATORY NOTES****Note 1 — Articles 1 and 2**

The terms 'Member States', 'countries and territories' and 'ACP States' shall also cover their territorial waters.

Vessels operating on the high seas, including factory ships, on which the fish caught is worked or processed shall be considered as part of the territory of the Member State, country or territory or ACP State to which they belong, provided that they satisfy the conditions set out in explanatory note 7.

Note 2 — Article 1 (1) (b), (3) and (4)

In order to determine whether goods originate in the Community, one of the countries or territories or an ACP State, it shall not be necessary to establish whether the electrical power, fuel, plant and equipment and machines and tools used to obtain such goods or whether any products used in the course of production which do not enter and which were not intended to enter into the final composition of the goods originate in third countries or not.

Note 3 — Articles 1 and 3

The working or processing required by Annex II for a product to acquire originating status concerns only the non-originating materials used.

Thus, a material which has acquired originating status and which is used in further manufacture is subject neither to any change of tariff heading rule nor to List A or List B rules which apply to the final product in which it is incorporated.

Note 4 — Article 1

Where a percentage rule is applied in determining originating status of a product obtained in a Member State or a country or territory the value added by the working or processing referred to in Article 1 shall correspond to the ex-works price of the product obtained less the customs value of third-country products imported into the Community or the countries and territories.

Note 5 — Articles 3 (1), (3) and 4

The percentage rule constitutes, where the product obtained appears in List A, a criterion additional to that of change of tariff heading for any non-originating product used.

Note 6 — Article 1

For the purpose of applying the rules of origin, packaging material shall be considered to form a whole with the goods contained therein. This provision, however, shall not apply to packaging which is not of the normal type for the article packed and which has intrinsic utilization value and is of a durable nature, apart from its function as packaging.

Note 7

The term 'their vessels' shall apply only to vessels:

- which are registered or recorded in a Member State, a country or territory or an ACP State,
- which sail under the flag of a Member State, a country or territory or an ACP State,
- which are owned as to at least 50 % by nationals of Member States, countries, territories or ACP States, or by a company with its head office in a Member State, country, territory or ACP State, of which the manager or managers, chairman of the board of directors or of the supervisory board, and the majority of the members of such boards, are nationals of Member States, countries, territories or ACP States and of which, in addition in the case of partnerships or limited companies, at least half the capital belongs to Member States, countries, territories or ACP States, or to public bodies or nationals of Member States, countries, territories or ACP States,
- of which at least 50 % of the crew, master and officers included, are nationals of Member States, countries, territories or ACP States.

Note 8 — Article 4

'Ex-works price' shall mean the price paid to the manufacturer in whose enterprise the last working or processing is carried out, provided the price includes the value of all the products used in manufacture.

'Customs value' shall be understood as meaning the customs value laid down in the Convention concerning the valuation of goods for customs purposes signed in Brussels on 15 December 1950.

Note 9 — Article 23

The authorities consulted shall furnish any information concerning the conditions under which the product has been made, indicating especially the conditions under which the rules of origin have been respected in the various Member States, countries or territories or ACP States concerned.

Note 10 — Article 1 (4)

Within the meaning of Annex II 'ACP States' shall mean the countries referred to as ACP States in the third ACP-EEC Convention, signed at Lomé on 8 December 1984.

Note 11 — Article 28 (1)

In order to facilitate the examination of derogation requests by the Council, The Member State concerned or the requesting country or territory shall furnish in support of its request the fullest possible information covering in particular the points listed below:

- Description of the finished product,
- Nature and quantity of products originating in a third country,
- Nature and quantity of products originating in the Community, the overseas countries and territories or ACP States, which have been processed there,
- Manufacturing process,
- Value added,
- Number of employees in the enterprise concerned,
- Anticipated volume of exports to the Community,
- Other possible sources of supply for raw materials,
- Reasons for the duration requested in the light of efforts made to find new sources of supply,
- Other observations.

The same provisions shall apply to any requests for extension.

The period stipulated in Article 28 (5) shall run from the date of receipt of the request.

Annex 2 to Annex II

LIST A

List of working or processing operations carried out on non-originating materials which result in a change of tariff heading without conferring the status of 'originating products' on the products resulting from such operations, or conferring this status only subject to certain conditions

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
02.06	Meat and edible meat offals (except poultry liver), salted, in brine, dried or smoked	Salting, placing in brine, drying or smoking of meat and edible meat and edible meat offals of heading Nos 02.01 and 02.04	
03.02	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process	Drying, salting, placing in brine; smoking of fish, whether cooked or not	
04.02	Milk and cream, preserved, concentrated or sweetened	Preserving, concentrating, or adding sugar to milk or cream of heading No 04.01	
04.03	Butter	Manufacture from milk or cream	
04.04	Cheese and curd	Manufacture from products of heading Nos 04.01, 04.02 and 04.03	
07.02	Vegetables (whether or not cooked), preserved by freezing	Freezing of vegetables	
07.03	Vegetables provisionally preserved in brine, in sulphur water or in other preservative solutions, but not specially prepared for immediate consumption	Placing in brine or in other solutions of vegetables of heading No 07.01	
07.04	Dried, dehydrated or evaporated vegetables, whole, cut, sliced, broken or in powder, but not further prepared	Drying, dehydration, evaporation, cutting, grinding, powdering of vegetables of heading Nos 07.01 to 07.03	
08.10	Fruit (whether or not cooked), preserved by freezing, not containing added sugar	Freezing of fruit	
08.11	Fruit provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption	Placing in brine or in other solutions of fruit of heading Nos 08.01 to 08.09	

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
08.12	Fruit, dried, other than that falling within heading Nos 08.01, 08.02, 08.03, 08.04 or 08.05	Drying of fruit	
11.01	Cereal flours	Manufacture from cereals	
11.02	Cereal groats and cereal meal; other worked cereal grains (for example, rolled, flaked, polished, pearled or kibbled, but not further prepared), except rice falling within heading No 10.06; germ of cereals, whole, rolled, flaked or ground	Manufacture from cereals	
11.04	Flour of the dried leguminous vegetables falling within heading No 07.05 or of the fruits falling within any heading in Chapter 8; flour and meal of sago and of roots and tubers falling within heading No 07.06	Manufacture from dried leguminous vegetables of heading No 07.05, products of heading No 07.06 or of fruit of Chapter 8	
11.05	Flour, meal and flakes of potato	Manufacture from potatoes	
11.07	Malt, roasted or not	Manufacture from cereals	
11.08	Starches; inulin	Manufacture from cereals of Chapter 10, or from potatoes or other products of Chapter 7	
11.09	Wheat gluten, whether or not dried	Manufacture from wheat or wheat flours	
15.01	Lard, other pig fat and poultry fat, rendered or solvent-extracted	Manufacture from products of heading No 02.05	
15.02	Fats of bovine cattle, sheep or goats, unrendered; rendered or solvent-extracted fats (including 'premier jus') obtained from those unrendered fats	Manufacture from products of heading Nos 02.01 and 02.06	
15.04	Fats and oils, of fish and marine mammals, whether or not refined	Manufacture from fish or marine mammals	
15.06	Other animal oils and fats (including neat's-foot oil and fats from bones or waste)	Manufacture from products of Chapter 2	

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex 15.07	Fixed vegetable oils, fluid or solid, crude, refined or purified, but not including chinawood oil, myrtle-wax, Japan wax or oil of tung nuts, oleococca seeds or oiticia seeds; also not including oils of a kind used in machinery or mechanical appliances or for industrial purposes other than the manufacture of edible products	Manufacture from products of Chapters 7 and 12	
16.01	Sausages and the like, of meat, meat offal or animal blood	Manufacture from products of Chapter 2	
16.02	Other prepared or preserved meat or meat offal	Manufacture from products of Chapter 2	
16.04	Prepared or preserved fish, including caviar and caviar substitutes	Manufacture from products of Chapter 3	
16.05	Crustaceans and molluscs, prepared or preserved	Manufacture from products of Chapter 3	
ex 17.01	Beet sugar and cane sugar, in solid form, flavoured or coloured	Manufacture from other products of Chapter 17 the value of which exceeds 30 % of the value of the finished product	
ex 17.02	Other sugars, in solid form, flavoured or coloured	Manufacture from other products of Chapter 17 the value of which exceeds 30 % of the value of the finished product	
ex 17.02	Other sugars, in solid form, not flavoured or coloured; sugar syrups, not flavoured or coloured; artificial honey, whether or not mixed with natural honey; caramel	Manufacture from any product	
ex 17.03	Molasses, flavoured or coloured	Manufacture from other products of Chapter 17 the value of which exceeds 30 % of the value of the finished product	
17.04	Sugar confectionery, not containing cocoa	Manufacture from other products of Chapter 17 the value of which exceeds 30 % of the value of the finished product	
18.06	Chocolate and other food preparations containing cocoa	Manufacture from products of Chapter 17 the value of which exceeds 30 % of the value of the finished product	
ex 19.02	Malt extract	Manufacture from products of heading No 11.07	

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex 19.02	Preparations of flour, meal, starch or malt extract, of a kind used as infant food or for dietetic or culinary purposes, containing less than 50 % by weight of cocoa	Manufacture from cereals and derivatives thereof, meat and milk, or in which the value of products of Chapter 17 used exceeds 30 % of the value of the finished product	Manufacture from durum wheat
19.03	Macaroni, spaghetti and similar products		
19.04	Tapioca and sago; tapioca and sago substitutes obtained from potato or other starches	Manufacture from potato starch	
19.05	Prepared foods obtained by the swelling or roasting of cereals or cereal products (puffed rice, cornflakes and similar products)	Manufacture from products other than: <ul style="list-style-type: none"> — maize of the type 'Zea indurata' — durum wheat — products falling within Chapter 17, the value of which does not exceed 30 % of the value of the finished product — vitamins, mineral salts, chemicals and natural or other substances or preparations used as additives 	
19.07	Bread, ships' biscuits and other ordinary bakers' wares, not containing added sugar, honey, eggs, fats, cheese or fruit; communion wafers, cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products	Manufacture from products of Chapter 11	
19.08	Pastry, biscuits, cakes and other fine bakers' wares, whether or not containing cocoa in any proportion	Manufacture from products of Chapter 11	
20.01	Vegetables and fruit, prepared or preserved by vinegar or acetic acid with or without sugar, whether or not containing salt, spices or mustard	Preserving vegetables, fresh or frozen or preserved temporarily or preserved in vinegar	
20.02	Vegetables prepared or preserved otherwise than by vinegar or acetic acid	Preserving vegetables, fresh or frozen	
20.03	Fruit preserved by freezing, containing added sugar	Manufacture from products of Chapter 17 of which the value exceeds 30 % of the value of the finished product	
20.04	Fruit, fruit-peel and parts of plants, preserved by sugar (drained, glacé or crystallized)	Manufacture from products of Chapter 17 of which the value exceeds 30 % of the value of the finished product	
ex 20.05	Jams, fruit jellies, marmalades, fruit purées and fruit pastes, being cooked preparations, containing added sugar	Manufacture from products of Chapter 17 of which the value exceeds 30 % of the value of the finished product	
20.06	Fruit otherwise prepared or preserved, whether or not containing added sugar or spirit:		

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
20.06 (cont'd)	A. Nuts		Manufacture, without added sugar or spirit, in which the value of the constituent originating products of heading Nos 08.01, 08.05 and 12.01, represents at least 60 % of the value of the finished product
	B. Other fruits	Manufacture from products of Chapter 17 of which the value exceeds 30 % of the value of the finished product	
ex 20.07	Fruit juices (including grape must), whether or not containing added sugar, but unfermented and not containing spirit	Manufacture from products of Chapter 17 of which the value exceeds 30 % of the value of the finished product	
ex 21.02	Roasted chicory and extracts thereof	Manufacture from chicory roots, fresh or dried	
21.05	Soups and broths in liquid, solid or powder form; homogenized food preparations	Manufacture from products of heading No 20.02	
ex 21.07	Sugar syrups, flavoured or coloured	Manufacture from products of Chapter 17 of which the value exceeds 30 % of the value of the finished product	
22.02	Lemonade, flavoured spa waters and flavoured aerated waters, and other non-alcoholic beverages, not including fruit and vegetable juices falling within heading No 20.07	Manufacture from fruit juices (*) or in which the value of products of Chapter 17 used exceeds 30 % of the value of the finished product	
22.06	Vermouths, and other wines of fresh grapes flavoured with aromatic extracts	Manufacture from products of heading No 08.04, 20.07, 22.04 or 22.05	
22.08	Ethyl alcohol or neutral spirits, undenatured, of a strength of 80° or higher; denatured spirits (including ethyl alcohol and neutral spirits) of any strength	Manufacture from products of heading No 08.04, 20.07, 22.04 or 22.05	
22.09	Spirits (other than those of heading No 22.08); liqueurs and other spirituous beverages; compound alcoholic preparations (known as 'concentrated extracts') for the manufacture of beverages	Manufacture from products of heading No 08.04, 20.07, 22.04 or 22.05	
22.10	Vinegar and substitutes for vinegar	Manufacture from products of heading No 08.04, 20.07, 22.04 or 22.05	

(*) This rule does not apply where fruit juices of pineapple, lime and grapefruit are concerned.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex 23.03	Residues from the manufacture of maize starch (excluding concentrated steeping liquors), of a protein content, calculated on the dry product, exceeding 40 % by weight	Manufacture from maize or maize flour	
23.04	Oil-cake and other residues (except dregs) resulting from the extraction of vegetable oils	Manufacture from various products	
23.07	Sweetened forage; other preparations of a kind used in animal feeding	Manufacture from cereals and derived products, meat, milk, sugar and molasses	
ex 24.02	Cigarettes, cigars, smoking tobacco		Manufacture from products of heading No 24.01 of which at least 70 % by quantity are originating products
30.03	Medicaments (including veterinary medicaments)		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
31.05	Other fertilizers; goods of the present Chapter in tablets, lozenges and similar prepared forms or in packings of a gross weight not exceeding 10 kg		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
32.06	Colour lakes	Manufacture from materials of heading No 32.04 or 32.05	
32.07	Other colouring matter; inorganic products of a kind used as luminophores	Mixing of oxides or salts of Chapter 28 with extenders such as barium sulphate, chalk barium carbonate and satin white	
ex 33.06	Aqueous distillates and aqueous solutions of essential oils, including such products suitable for medicinal uses	Manufacture from essential oils (terpeneless or not), concretes, absolutes or resinoids	
35.05	Dextrins and dextrin glues; soluble or roasted starches; starch glues		Manufacture from maize or potatoes
ex 35.07	Preparations used for clarifying beer, composed of papain and bentonite; enzymatic preparations for desizing textiles		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
37.01	Photographic plates and film in the flat, sensitized, unexposed, of any material other than paper, paper-board or cloth	Manufacture from products of heading No 37.02	

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
37.02	Film in rolls, sensitized, unexposed, perforated or not	Manufacture from products of heading No 37.01	
37.04	Sensitized plates and film, exposed but not developed, negative or positive	Manufacture from products of heading No 37.01 or 37.02	
38.11	Disinfectants, insecticides, fungicides, rat poisons, herbicides, anti-sprouting products, plant growth regulators and similar products, put up in forms or packings for sale by retail or as preparations or as articles (for example, sulphur-treated bands, wicks and candles, fly-papers)		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
38.12	Prepared glazings, prepared dressings and prepared mordants, of a kind used in the textile, paper, leather or like industries		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
38.13	Pickling preparations for metal surfaces; fluxes and other auxiliary preparations for soldering, brazing or welding; soldering, brazing or welding powders and pastes consisting of metal and other materials; preparations of a kind used as cores or coatings for welding rods and electrodes		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
ex 38.14	Anti-knock preparations, oxidation inhibitors, gum inhibitors, viscosity improvers, anti-corrosive preparations and similar prepared additives for mineral oils, excluding prepared additives for lubricants		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
38.15	Prepared rubber accelerators		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
38.17	Preparations and charges for fire-extinguishers; charged fire-extinguishing grenades		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
38.18	Composite solvents and thinners for varnishes and similar products		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex 38.19	<p>Chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included; residual products of the chemical or allied industries not elsewhere specified or included, excluding:</p> <ul style="list-style-type: none"> — Fusel oil and dippel's oil — Naphthenic acids and their water-insoluble salts; esters of naphthenic acids — Sulphonaphthenic acids and their water-insoluble salts; esters of sulphonaphthenic acids — Petroleum sulphonates, excluding petroleum sulphonates of alkali metals, of ammonium or of ethanolamines, thiophenated sulphonic acids of oils obtained from bituminous minerals, and their salts — Mixed alkylbenzenes and mixed alkyl-naphthalenes — Ion exchangers — Catalysts — Getters for vacuum tubes — Refractory cements or mortars and similar compositions — Alkaline iron oxide for the purification of gas — Carbon (excluding that in artificial graphite of heading No 38.01) in metal-graphite or other compounds, in the form of small plates, bars or other semi-manufactures — Sorbitol other than that of heading No 29.04 — Ammoniacal gas liquors and spent oxide produced in coal gas purification 		<p>Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product</p>
ex 39.02	Polymerization products		<p>Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product</p>

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex 39.07	Articles of materials of the kinds described in heading Nos 39.01 to 39.06 with the exception of fans and hand screens, non-mechanical, frames and handles therefor and parts of such frames and handles, and corset busks and similar supports for articles of apparel or clothing accessories		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
40.05	Plates, sheets and strip, of unvulcanized natural or synthetic rubber, other than smoked sheets and crepe sheets of heading No 40.01 or 40.02; granules of unvulcanized natural or synthetic rubber compounded ready for vulcanization; unvulcanized natural or synthetic rubber, compounded before or after coagulation either with carbon black (with or without the addition of mineral oil), or with silica (with or without the addition of mineral oil), in any form, of a kind known as masterbatch		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
41.08	Patent leather and imitation patent leather; metallized leather		Varnishing or metallizing of leather of heading Nos 41.02 to 41.06 (other than skin leather of crossed Indian sheep and Indian goat or kid, not further prepared than vegetable tanned, or if otherwise prepared obviously unsuitable for immediate use in the manufacture of leather articles) in which the value of the skin leather used does not exceed 50 % of the value of the finished product
43.03	Articles of furskin	Making up from furskin in plates, crosses and similar forms (heading No ex 43.02)	
ex 44.21	Complete wooden packing cases, boxes, crates, drums and similar packings, excepting those made of fibreboard		Manufacture from boards not cut to size
ex 44.28	Match splints; wooden pegs or pins for footwear	Manufacture from drawn wood	
45.03	Articles of natural cork		Manufacture from products of heading No 45.01
ex 48.07	Paper and paperboard, ruled, lined, or squared, but not otherwise printed, in rolls or sheets		Manufacture from paper pulp
48.14	Writing blocks, envelopes, letter cards, plain postcards, correspondence cards; boxes, pouches, wallets and writing compendiums, of paper or paperboard, containing only an assortment of paper stationery		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
48.15	Other paper and paperboard, cut to size or shape		Manufacture from paper pulp
ex 48.16	Boxes, bags and other packing containers, of paper or paperboard		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
49.09	Picture postcards, Christmas and other picture greeting cards, printed by any process, with or without trimmings	Manufacture from products of heading No 49.11	
49.10	Calendars of any kind, of paper or paperboard, including calendar blocks	Manufacture from products of heading No 49.11	
50.04 ⁽¹⁾	Silk yarn, other than yarn of noil or other waste silk, not put up for retail sale		Manufacture from products other than those of heading No 50.04
50.05 ⁽¹⁾	Yarn spun from noil or other waste silk, not put up for retail sale		Manufacture from products of heading No 50.03
ex 50.07 ⁽¹⁾	Silk yarn and yarn spun from noil or other waste silk, put up for retail sale		Manufacture from products of heading Nos 50.01 to 50.03
ex 50.07 ⁽¹⁾	Imitation catgut of silk		Manufacture from products of heading No 50.01 or of heading No 50.03 neither carded nor combed
50.09 ⁽²⁾	Woven fabrics of silk, of noil or of other waste silk		Manufacture from products of heading No 50.02 or 50.03
51.01 ⁽¹⁾	Yarn of man-made fibres (continuous), not put up for retail sale		Manufacture from chemical products or textile pulp

⁽¹⁾ For yarn composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which yarns of the other textile materials of which the mixed yarn is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated.

⁽²⁾ For fabrics composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which fabric of the other textile materials of which the mixed fabric is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated. This percentage shall be increased:

— to 20 % where the material in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07,

— to 30 % where the material in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
51.02 (*)	Monofil, strip (artificial straw and the like) and imitation catgut, of man-made fibre materials		Manufacture from chemical products or textile pulp
51.03 (*)	Yarn of man-made fibres (continuous), put up for retail sale		Manufacture from chemical products or textile pulp
51.04 (*)	Woven fabrics of man-made fibres (continuous), including woven fabrics of monofil or strip of heading No 51.01 or 51.02		Manufacture from chemical products or textile pulp
52.01 (*)	Metallized yarn, being textile yarn spun with metal or covered with metal by any process		Manufacture from chemical products, from textile pulp or from natural textile fibres, discontinuous man-made fibres or their waste, neither carded nor combed
52.02 (*)	Woven fabrics of metal thread or of metallized yarn, of a kind used in articles of apparel, as furnishing fabrics or the like		Manufacture from chemical products, from textile pulp or from natural textile fibres, discontinuous man-made fibres or their waste
53.06 (*)	Yarn of carded sheep's or lambs' wool (woollen yarn), not put up for retail sale		Manufacture from products of heading No 53.01 or 53.03
53.07 (*)	Yarn of combed sheep's or lambs' wool (worsted yarn), not put up for retail sale		Manufacture from products of heading No 53.01 or 53.03
53.08 (*)	Yarn of fine animal hair (carded or combed), not put up for retail sale		Manufacture from raw fine animal hair of heading No 53.02
53.09 (*)	Yarn of horsehair or of other coarse animal hair, not put up for retail sale		Manufacture from raw coarse animal hair of heading No 53.02 or from raw horsehair of heading No 05.03
53.10 (*)	Yarn of sheep's or lambs' wool, of horsehair or of other animal hair (fine or coarse), put up for retail sale		Manufacture from materials of heading Nos 05.03 and 53.01 to 53.04

(*) For yarn composed of two or more textile materials, the conditions shown in the list must also be met in respect of each of the headings under which yarns of the other textile materials of which the mixed yarn is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated.

(?) For fabrics composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which fabric of the other textile materials of which the mixed fabric is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated.

This percentage shall be increased:

- to 20 % where the material in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07,
- to 30 % where the material in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
53.11 (*)	Woven fabrics of sheep's or lambs' wool or of fine animal hair		Manufacture from materials of heading Nos 53.01 to 53.05
53.12 (*)	Woven fabrics of horsehair or of other coarse animal hair		Manufacture from products of heading Nos 53.02 to 53.05 or from horsehair of heading No 05.03
54.03 (*)	Flax or ramie yarn, not put up for retail sale		Manufacture either from products of heading No 54.01 neither carded nor combed or from products of heading No 54.02
54.04 (*)	Flax or ramie yarn, put up for retail sale		Manufacture from materials of heading No 54.01 or 54.02
54.05 (*)	Woven fabrics of flax or of ramie		Manufacture from materials of heading No 54.01 or 54.02
55.05 (*)	Cotton yarn, not put up for retail sale		Manufacture from materials of heading No 55.01 or 55.03
55.06 (*)	Cotton yarn, put up for retail sale		Manufacture from materials of heading No 55.01 or 55.03
55.07 (*)	Cotton gauze		Manufacture from materials of heading No 55.01, 55.03 or 55.04
55.08 (*)	Terry towelling and similar terry fabrics, of cotton		Manufacture from materials of heading No 55.01, 55.03 or 55.04
55.09 (*)	Other woven fabrics of cotton		Manufacture from materials of heading No 55.01, 55.03 or 55.04
56.01	Man-made fibres (discontinuous), not carded, combed or otherwise prepared for spinning		Manufacture from chemical products or textile pulp
56.02	Continuous filament tow for the manufacture of man-made fibres (discontinuous)		Manufacture from chemical products or textile pulp
56.03	Waste (including yarn waste and pulled or garnetted rags) of man-made fibres (continuous or discontinuous), not carded, combed or otherwise prepared for spinning		Manufacture from chemical products or textile pulp

(*) For fabrics composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which fabric of the other textile materials of which the mixed fabric is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated. This percentage shall be increased:

- to 20 % where the material in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07,
- to 30 % where the material in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

(*) For yarn composed of two or more textile materials, the conditions shown in the list must also be met in respect of each of the headings under which yarns of the other textile materials of which the mixed yarn is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
56.04	Man-made fibres (discontinuous or waste), carded, combed or otherwise prepared for spinning		Manufacture from chemical products or textile pulp
56.05 ⁽¹⁾	Yarn of man-made fibres (discontinuous or waste), not put up for retail sale		Manufacture from chemical products or textile pulp
56.06 ⁽¹⁾	Yarn of man-made fibres (discontinuous or waste), put up for retail sale		Manufacture from chemical products or textile pulp
56.07 ⁽²⁾	Woven fabrics of man-made fibres (discontinuous or waste)		Manufacture from products of heading Nos 56.01 to 56.03
57.06 ⁽¹⁾	Yarn of jute or of other textile bast fibres of heading No 57.03		Manufacture from raw jute, jute tow or from other raw textile bast fibres of heading No 57.03
ex 57.07 ⁽¹⁾	Yarn of true hemp		Manufacture from true hemp, raw
ex 57.07 ⁽¹⁾	Yarn of other vegetable textile fibres, excluding yarn of true hemp		Manufacture from raw vegetable textile fibres of heading Nos 57.02 to 57.04
ex 57.07	Paper yarn		Manufacture from products of Chapter 47, from chemical products, textile pulp or from natural textile fibres, discontinuous man-made fibres or their waste, neither carded nor combed
57.10 ⁽²⁾	Woven fabrics of jute or of other textile bast fabrics of heading No 57.03		Manufacture from raw jute, jute tow or from other raw textile bast fibres of heading No 57.03
ex 57.11 ⁽²⁾	Woven fabrics of other vegetable textile fibres		Manufacture from materials of heading No 57.01, 57.02, 57.04 or from coir yarn of heading No 57.07

⁽¹⁾ For yarn composed of two or more textile materials, the conditions shown in the list must also be met in respect of each of the headings under which yarns of the other textile materials of which the mixed yarn is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated.

⁽²⁾ For fabrics composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which fabric of the other textile materials of which the mixed fabric is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated. This percentage shall be increased:

- to 20 % where the material in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07,
- to 30 % where the material in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex 57.11	Woven fabrics of paper yarn		Manufacture from paper, from chemical products, textile pulp or from natural textile fibres, discontinuous man-made fibres or their waste
58.01 (*)	Carpets, carpeting and rugs, knotted (made up or not)		Manufacture from materials of heading Nos 50.01 to 50.03, 51.01, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or 57.01 to 57.04
58.02 (*)	Other carpets, carpeting, rugs, mats and matting, and "Kelem", "Schumacks" and "Karamanie" rugs and the like (made up or not)		Manufacture from materials of heading Nos 50.01 to 50.03, 51.01, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03, 57.01 to 57.04 or from coir yarn of heading No 57.07
58.04 (*)	Woven pile fabrics and chenille fabrics (other than terry towelling or similar terry fabrics of cotton falling within heading No 55.08 and fabrics falling within heading No 58.05)		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03, 57.01 to 57.04 or from chemical products or textile pulp
58.05 (*)	Narrow woven fabrics, and narrow fabrics (bolduc) consisting of warp, without weft assembled by means of an adhesive, other than goods falling within heading No 58.06		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or 57.01 to 57.04 or from chemical products or textile pulp
58.06 (*)	Woven labels, badges and the like, not embroidered, in the piece, in strips or cut to shape or size		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or from chemical products or textile pulp
58.07 (*)	Chenille yarn (including flock chenille yarn), gimped yarn (other than metallized yarn of heading No 52.01 and gimped horsehair yarn); braids and ornamental trimmings in the piece; tassels, pompoms and the like		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or from chemical products or textile pulp
58.08 (*)	Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), plain		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or from chemical products or textile pulp
58.09 (*)	Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), figured; hand or mechanically made lace, in the piece, in strips or in motifs		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or from chemical products or textile pulp

(*) For products composed of two or more textile materials, the conditions shown in column 4 must be met in respect of each of the textile materials of which the mixed product is composed. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated. This percentage shall be increased:

- to 20 % where the material in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07,
- to 30 % where the material in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
58.10	Embroidery, in the piece, in strips or in motifs		Manufacture in which the value of the product used does not exceed 50 % of the value of the finished product
59.01 (1)	Wadding and articles of wadding; textile flock and dust and mill neps		Manufacture either from natural fibres or from chemical products or textile pulp
ex 59.02 (1)	Felt and articles of felt, with the exception of needled felt, whether or not impregnated or coated		Manufacture either from natural fibres or from chemical products or textile pulp
ex 59.02 (1)	Needled felt, whether or not impregnated or coated		Manufacture either from natural fibres or from chemical products or textile pulp or from fibre or continuous polypropylene filament of which the denomination of the filaments is less than 8 denier and of which the value does not exceed 40 % of the value of the finished product
59.03 (1)	Bonded fibre fabrics, similar bonded yarn fabrics, and articles of such fabrics, whether or not impregnated or coated		Manufacture either from natural fibres or from chemical products or textile pulp
59.04 (1)	Twine, cordage, ropes and cables, plaited or not		Manufacture either from natural fibres or from chemical products or textile pulp or from coir yarn of heading No 57.07
59.05 (1)	Nets and netting made of twine, cordage or rope, and made up fishing nets of yarn, twine, cordage or rope		Manufacture either from natural fibres or from chemical products or textile pulp or from coir yarn of heading No 57.07
59.06 (1)	Other articles made from yarn, twine, cordage, rope or cables, other than textile fabrics and articles made from such fabrics		Manufacture either from natural fibres or from chemical products or textile pulp or from coir yarn of heading No 57.07
59.07	Textile fabrics coated with gum or amylaceous substances, of a kind used for the outer covers of books and the like; tracing cloth; prepared painting canvas; buckram and similar fabrics for hat foundations and similar uses		Manufacture from yarn
59.08	Textile fabrics impregnated, coated, covered or laminated with preparations of cellulose derivatives or of other artificial plastic materials		Manufacture from yarn
59.10 (1)	Linoleum and materials prepared on a textile base in a similar manner to linoleum, whether or not cut to shape or of a kind used as floor coverings; floor coverings consisting of a coating applied on a textile base, cut to shape or not		Manufacture either from yarn or from textile fibres

(1) For products composed of two or more textile materials, the conditions shown in column 4 must be met in respect of each of the textile materials of which the mixed product is composed. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated. This percentage shall be increased:

- to 20 % where the material in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07,
- to 30 % where the material in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex 59.11	Rubberized textile fabrics, other than rubberized, knitted or crocheted goods, with the exception of those consisting of fabric of continuous synthetic textile fibres, or of fabric composed of parallel yarns of continuous synthetic textile fibres, impregnated or covered with rubber latex, containing at least 90 % by weight of textile materials and used for the manufacture of tyres or for other technical uses		Manufacture from yarn
ex 59.11	Rubberized textile fabrics, other than rubberized knitted or crocheted goods, consisting of fabric of continuous synthetic textile fibres, or of fabric composed of parallel yarns of continuous synthetic textile fibres, impregnated or covered with rubber latex, containing at least 90 % by weight of textile materials and used for the manufacture of tyres or for other technical uses		Manufacture from chemical products
59.12	Textile fabrics otherwise impregnated or coated; painted canvas being theatrical scenery, studio back-cloths or the like		Manufacture from yarn
59.13 (*)	Elastic fabrics and trimmings (other than knitted or crocheted goods) consisting of textile materials combined with rubber threads		Manufacture from single yarn
59.15 (*)	Textile hosepiping and similar tubing, with or without lining armour or accessories of other materials		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or 57.01 to 57.04 or from chemical products or textile pulp
59.16 (*)	Transmission, conveyor or elevator belts or belting, of textile material, whether or not strengthened with metal or other material		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or 57.01 to 57.04 or from chemical products or textile pulp
59.17 (*)	Textile fabrics and textile articles, of a kind commonly used in machinery or plant		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or 57.01 to 57.04 or from chemical products or textile pulp

(*) For products composed of two or more textile materials, the conditions shown in column 4 must be met in respect of each of the textile materials of which the mixed product is composed. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated. This percentage shall be increased:

- to 20 % where the material in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07,
- to 30 % where the material in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex Chapter 60 ⁽¹⁾	Knitted and crocheted goods, excluding knitted or crocheted goods obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from natural fibres, carded or combed, from materials of heading Nos 56.01 to 56.03 from chemical products or textile pulp
ex 60.02	Gloves, mittens and mitts, knitted or crocheted, not elastic or rubberized, obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from yarn ⁽²⁾
ex 60.03	Stockings, understockings, socks, ankle-socks, sockettes and the like, knitted or crocheted, not elastic nor rubberized, obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from yarn ⁽²⁾
ex 60.04	Under garments, knitted or crocheted, not elastic nor rubberized, obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from yarn ⁽²⁾
ex 60.05	Outer garments and other articles, knitted or crocheted, not elastic nor rubberized, obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from yarn ⁽²⁾
ex 60.06	Other articles, knitted or crocheted, elastic or rubberized (including elastic knee-caps and elastic stockings), obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from yarn ⁽²⁾
ex 61.01	Men's and boys' outer garments, excluding fire-resistant equipment of cloth covered by foil of aluminized polyester		Manufacture from yarn ⁽²⁾
ex 61.01	Fire-resistant equipment of cloth covered by foil of aluminized polyester		Manufacture from uncoated cloth of which the value does not exceed 40 % of the value of the finished product ⁽²⁾

(¹) For products composed of two or more textile materials, the conditions shown in column 4 must be met in respect of each of the textile materials of which the mixed product is composed. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated. This percentage shall be increased:

- to 20 % where the product in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07,
- to 30 % where the product in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

(²) Trimmings and accessories (excluding linings and interlining) which change tariff heading do not remove the originating status of the product obtained if their weight does not exceed 10 % of the total weight of all the textile materials incorporated.

Products obtained		Working or processing of non-originating materials not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex 61.02	Women's, girls' and infants' outer garments, not embroidered, excluding fire-resistant equipment of cloth covered by foil of aluminized polyester		Manufacture from yarn ⁽¹⁾
ex 61.02	Fire-resistant equipment of cloth covered by foil of aluminized polyester		Manufacture from uncoated cloth of which the value does not exceed 40 % of the value of the finished product ⁽¹⁾
ex 61.02	Women's, girls' and infants' outer garments, embroidered		Manufacture from fabrics, not embroidered, the value of which does not exceed 40 % of the value of the finished product ⁽¹⁾
61.03	Men's and boys' under garments, including collars, shirt fronts and cuffs		Manufacture from yarn ⁽¹⁾
61.04	Women's, girls' and infants' under garments		Manufacture from yarn ⁽¹⁾
ex 61.05	Handkerchiefs, not embroidered		Manufacture from unbleached single yarn ⁽¹⁾ ⁽²⁾
ex 61.05	Handkerchiefs, embroidered		Manufacture from fabrics, not embroidered, the value of which does not exceed 40 % of the value of the finished product ⁽¹⁾
ex 61.06	Shawls, scarves, mufflers, mantillas, veils and the like, not embroidered		Manufacture from unbleached single yarn of natural textile fibres or discontinuous man-made fibres or their waste or from chemical products or textile pulp ⁽¹⁾
ex 61.06	Shawls, scarves, mufflers, mantillas, veils and the like, embroidered		Manufacture from fabrics, not embroidered, the value of which does not exceed 40 % of the value of the finished product ⁽¹⁾
61.07	Ties, bow ties and cravats		Manufacture from yarn ⁽¹⁾
61.09	Corsets, corset-belts, suspender-belts, brassières, braces, suspenders, garters and the like (including such articles of knitted or crocheted fabric), whether or not elastic		Manufacture from yarn ⁽¹⁾
ex 61.10	Gloves, mittens, mitts, stockings, socks and sockettes, not being knitted or crocheted goods excluding fire-resistant equipment of cloth covered by foil of aluminized polyester		Manufacture from yarn ⁽¹⁾

⁽¹⁾ Trimmings and accessories used (excluding linings and interlining) which change tariff heading do not remove the originating status of the product obtained if their weight does not exceed 10 % of the total weight of all the textile materials incorporated.

⁽²⁾ For products obtained from two or more textile materials, this rule does not apply to one or more of the mixed textile materials, if its or their weight does not exceed 10 % of the total weight of all the textile materials incorporated.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex 61.10	Fire-resistant equipment of cloth covered by foil of aluminized polyester		Manufacture from uncoated cloth of which the value does not exceed 40 % of the value of the finished product ⁽¹⁾
ex 61.11	Made up accessories for articles of apparel (for example, dress shields, shoulder and other pads, belts, muffs, sleeve protectors, pockets), with the exception of collars, tuckers, fallals, bodice-fronts, jabots, cuffs, flounces, yokes and similar accessories and trimmings for women's and girls' garments, embroidered		Manufacture from yarn ⁽¹⁾
ex 61.11	Collars, tuckers, fallals, bodice-fronts, jabots, cuffs, flounces, yokes and similar accessories and trimmings for women's and girls' garments, embroidered		Manufacture from fabrics not embroidered, the value of which does not exceed 40 % of the value of the finished products ⁽¹⁾
62.01	Travelling rugs and blankets		Manufacture from unbleached yarn of Chapters 50 to 56 ⁽²⁾
ex 62.02	Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles; not embroidered		Manufacture from unbleached single yarn ⁽²⁾
ex 62.02	Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles; embroidered		Manufacture from fabrics, not embroidered, the value of which does not exceed 40 % of the value of the finished product
62.03	Sacks and bags, of a kind used for the packing of goods		Manufacture from chemical products, textile pulp or from natural textile fibres, discontinuous man-made fibres or their waste ⁽²⁾
62.04	Tarpaulins, sails, awnings, sun-blinds, tents and camping goods		Manufacture from single unbleached yarn ⁽²⁾
ex 62.05	Other made up textile articles (including dress patterns) excluding fans and hand-screens, non-mechanical; frames and handles therefor and parts of such frames and handles		Manufacture in which the value of the products used does not exceed 40 % of the value of the finished product
64.01	Footwear with outer soles and uppers of rubber or artificial plastic material	Manufacture from assemblies of uppers affixed to inner soles or to other sole components, but without outer soles, of any material except metal	

⁽¹⁾ Trimmings and accessories used (excluding linings and interlining) which change tariff heading do not remove the originating status of the product obtained if their weight does not exceed 10 % of the total weight of all the textile materials incorporated.

⁽²⁾ For products obtained from two or more textile materials, this rule does not apply to one or more of the mixed textile materials if its or their weight does not exceed 10 % of the total weight of all the textile materials incorporated.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
64.02	Footwear with outer soles of leather or composition leather footwear (other than footwear falling within heading No 64.01) with outer soles of rubber or artificial plastic material	Manufacture from assemblies of uppers affixed to inner soles or to other sole components, but without outer soles, of any material except metal	
64.03	Footwear with outer soles of wood or of cork	Manufacture from assemblies of uppers affixed to inner soles or to other sole components, but without outer soles, of any material except metal	
64.04	Footwear with outer soles of other materials	Manufacture from assemblies of uppers affixed to inner soles or to other sole components, but without outer soles, of any material except metal	
65.03	Felt hats and other felt headgear, being headgear made from the felt hoods and plateaux falling within heading No 65.01, whether or not lined or trimmed		Manufacture from textile fibres (*)
65.05	Hats and other headgear (including hair nets), knitted or crocheted, or made up from lace, felt or other textile fabric in the piece (but not from strips), whether or not lined or trimmed		Manufacture either from yarn or from textile fibres (*)
66.01	Umbrellas and sunshades (including walking-stick umbrellas, umbrella tents, and garden and similar umbrellas)		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
ex 70.07	Cast, rolled, drawn or blown glass (including flashed or wired glass) cut to shape other than rectangular shape, or bent or otherwise worked (for example, edge worked or engraved) whether or not surface ground or polished; multiple-walled insulating glass	Manufacture from drawn, cast or rolled glass of heading Nos 70.04 to 70.06	
70.08	Safety glass consisting of toughened or laminated glass, shaped or not	Manufacture from drawn, cast or rolled glass of heading Nos 70.04 to 70.06	
70.09	Glass mirrors (including rearview mirrors), unframed, framed or backed	Manufacture from drawn, cast or rolled glass of heading Nos 70.04 to 70.06	

(*) Trimmings and accessories (excluding linings and interlining) which change tariff heading do not remove the originating status of the product obtained if their weight does not exceed 10 % of the total weight of all the textile materials incorporated.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
71.15	Articles consisting of, or incorporating, pearls, precious or semi-precious stones (natural, synthetic or reconstructed)		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
73.07	Blooms, billets, slabs and sheet bars (including tinplate bars), of iron or steel; pieces roughly shaped by forging, of iron or steel	Manufacture from products of heading No 73.06	
73.08	Iron or steel coils for re-rolling	Manufacture from products of heading No 73.07	
73.09	Universal plates of iron or steel	Manufacture from products of heading No 73.07 or 73.08	
73.10	Bars and rods (including wire rod), of iron or steel, hot-rolled, forged, extruded, cold-formed, or cold-finished (including precision-made); hollow mining drill steel	Manufacture from products of heading No 73.07	
73.11	Angles, shapes and sections, of iron or steel, hot-rolled, forged, extruded, cold-formed or cold-finished; sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements	Manufacture from products of heading Nos 73.07 to 73.10, 73.12 or 73.13	
73.12	Hoop and strip, of iron or steel, hot-rolled or cold-rolled	Manufacture from products of heading Nos 73.07 to 73.09 or 73.13	
73.13	Sheets and plates, of iron or steel, hot-rolled or cold-rolled	Manufacture from products of heading Nos 73.07 to 73.09	
73.14	Iron or steel wire, whether or not coated, but not insulated	Manufacture from products of heading No 73.10	
73.16	Railway and tramway track construction material of iron or steel, the following: rails, check-rails, switch blades, crossings (or frogs), crossing pieces, point rods, rack rails, sleepers, fish-plates, chairs, chair wedges, sole plates (base plates), rail clips, bed-plates, ties and other materials specialized for joining or fixing rails		Manufacture from products of heading No 73.06
73.18	Tubes and pipes and blanks therefor, of iron (other than of cast iron) or steel, excluding high-pressure hydro-electric conduits		Manufacture from products of heading Nos 73.06 and 73.07 or heading No 73.15 in the forms specified in heading Nos 73.06 and 73.07
74.03	Wrought bars, rods, angles, shapes and sections, of copper; copper wire		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
74.04	Wrought plates, sheets and strip, of copper exceeding 0,15 mm		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
74.05	Copper foil (whether or not embossed, cut to shape, perforated, coated, printed, or backed with paper or other reinforcing material), of a thickness (excluding any backing) not exceeding 0,15 mm		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
74.06	Copper powders and flakes		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
74.07	Tubes and pipes and blanks therefor, of copper; hollow bars of copper		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
74.08	Tube and pipe fittings (for example, joints, elbows, sockets and flanges), of copper		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
74.10	Stranded wire, cables, cordage, ropes, plaited bands and the like, of copper wire, but excluding insulated electric wires and cables		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
74.11	Gauze, cloth, grill, netting, fencing, reinforcing fabric and similar materials (including endless bands), of copper wire; expanded metal, of copper		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
74.15	Nails, tacks, staples, hook-nails, spiked cramps, studs, spikes and drawing pins, of copper, or of iron or steel with heads of copper; bolts and nuts (including bolt ends and screw studs), whether or not threaded or tapped, and screws (including screw hooks and screw rings) of copper; rivets, cotters, cotter-pins, washers and spring washers, of copper		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
74.16	Springs, of copper		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
74.17	Cooking and heating apparatus of a kind used for domestic purposes, not electrically operated, and parts thereof, of copper		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
74.18	Other articles of a kind commonly used for domestic purposes, sanitary ware for indoor use, and parts of such articles and ware, of copper		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
74.19	Other articles of copper		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
75.02	Wrought bars, rods, angles, shapes and sections, of nickel; nickel wire		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
75.03	Wrought plates, sheets and strip, of nickel; nickel foil; nickel powders and flakes		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
75.04	Tubes and pipes and blanks therefor, of nickel; hollow bars, and tube and pipe fittings (for example, joints, elbows, sockets and flanges), of nickel		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
75.05	Electro-plating anodes, of nickel, wrought or unwrought, including those produced by electrolysis		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
75.06	Other articles of nickel		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.02	Wrought bars, rods, angles, shapes and sections, of aluminium; aluminium wire		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.03	Wrought plates, sheets and strip, of aluminium exceeding 0,20 mm		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.04	Aluminium foil (whether or not embossed, cut to shape, perforated, coated, printed, or backed with paper or other reinforcing material), of a thickness (excluding any backing) not exceeding 0,20 mm		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
76.05	Aluminium powders and flakes		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.06	Tubes and pipes and blanks therefor, of aluminium; hollow bars of aluminium		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.07	Tube and pipe fittings (for example, joints, elbows, sockets and flanges), of aluminium		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.08	Structures and parts of structures (for example, hangars and other buildings, bridges and bridge-sections, towers, lattice masts, roofs, roofing frameworks, door and window frames, balustrades, pillars and columns), of aluminium; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of aluminium		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.09	Reservoirs, tanks, vats and similar containers, for any material (other than compressed or liquefied gas), of aluminium of a capacity exceeding 300 litres, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.10	Casks, drums, cans, boxes and similar containers (including rigid and collapsible tubular containers), of aluminium, of a description commonly used for the conveyance or packing of goods		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.11	Containers, of aluminium, for compressed or liquefied gas		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.12	Stranded wire, cables, cordage, ropes, plaited bands and the like, of aluminium wire, but excluding insulated electric wires and cables		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
76.15	Articles of a kind commonly used for domestic purposes, sanitary ware for indoor use, and parts of such articles and ware, of aluminium		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
76.16	Other articles of aluminium		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
77.02	Wrought bars, rods, angles, shapes and sections, of magnesium; magnesium wire, wrought plates, sheets and strip, of magnesium; magnesium foil; raspings and shavings of uniform size, powders and flakes, of magnesium; tubes and pipes and blanks therefor, of magnesium; hollow bars of magnesium; other articles of magnesium		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
78.02	Wrought bars, rods, angles, shapes and sections, of lead; lead wire		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
78.03	Wrought plates, sheets and strip, of lead exceeding 1,7 kg/m ²		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
78.04	Lead foil (whether or not embossed, cut to shape, perforated, coated, printed, or backed with paper or other reinforcing material), of a weight (excluding any backing) not exceeding 1,7 kg/m ² ; lead powders and flakes		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
78.05	Tubes and pipes and blanks therefor, of lead; hollow bars, and tube and pipe fittings (for example, joints, elbows, sockets, flanges and S-bends), of lead		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
78.06	Other articles of lead		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
79.02	Wrought bars, rods, angles, shapes and sections, of zinc; zinc wire		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
79.03	Wrought plates, sheets and strip, of zinc; zinc foil; zinc powders and flakes		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
79.04	Tubes and pipes and blanks therefor, of zinc; hollow bars, and tube and pipe fittings (for example, joints, elbows, sockets and flanges), of zinc		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
79.06	Other articles of zinc		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
80.02	Wrought bars, rods, angles, shapes and sections, of tin; tin wire		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
80.03	Wrought plates, sheets and strip, of tin exceeding 1 kg/m ²		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
80.04	Tin foil (whether or not embossed, cut to shape, perforated, coated, printed, or backed with paper or other reinforcing material), of a weight (excluding any backing) not exceeding 1 kg/m ² ; tin powders and flakes		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
80.05	Tubes and pipes and blanks therefor, of tin; hollow bars, and tube and pipe fittings (for example, joints, elbows, sockets and flanges), of tin		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
82.05	Interchangeable tools for hand tools, for machine tools or for power-operated hand tools (for example, for pressing, stamping, drilling, tapping, threading, boring, broaching, milling, cutting, turning, dressing, morticing or screw-driving), including dies for wire drawing, extrusion dies for metal, and rock drilling bits		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product
82.06	Knives and cutting blades, for machines or for mechanical appliances		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product
ex Chapter 84	Boilers, machinery and mechanical appliances and parts thereof, excluding refrigerators and refrigerating equipment (electrical and other) (heading No 84.15) and sewing machines, including furniture specially designed for sewing machines (heading No ex 84.41)		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
84.15	Refrigerators and refrigerating equipment (electrical and other)		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product, and provided that at least 50 % in value of the materials and parts ⁽¹⁾ used are originating products
ex 84.41	Sewing machines, including furniture specially designed for sewing machines		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the finished product, and provided that: <ul style="list-style-type: none"> — at least 50 % in value of the materials and parts ⁽¹⁾ used for the assembly of the head (motor excluded) are originating products and — the thread tension, crochet and zigzag mechanisms are originating products
ex Chapter 85	Electrical machinery and equipment; parts thereof; excluding products of heading Nos 85.14 and 85.15		Working, processing or assembly in which the value of the materials and parts used do not exceed 40 % of the value of the finished product
85.15	Radiotelegraphic and radio-telephonic transmission and reception apparatus; radio-broadcasting and television transmission and reception apparatus (including receivers incorporating sound recorders or reproducers) and television cameras; radio navigational aid apparatus, radar apparatus and radio remote-control apparatus		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product and provided that at least 50 % in value of the materials and parts ⁽¹⁾ used are originating products
Chapter 86	Railway and tramway locomotives, rolling-stock and parts thereof; railway and tramway track fixtures and fittings; traffic signalling equipment of all kinds (not electrically powered)		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product
ex Chapter 87	Vehicles, other than railway or tramway rolling-stock, and parts thereof, excluding products of heading No 87.09		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product

⁽¹⁾ In determining the value of products, materials and parts, the following must be taken into account:

- (a) in respect of originating products, materials and parts, the first verifiable price paid, or the price which would be paid in case of sale, for the said products on the territory of the country where working, processing or assembly is carried out;
- (b) in respect of other products, materials and parts, the provisions of Article 4 of Annex II determining:
 - the value of imported products,
 - the value of products of undetermined origin.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
87.09	Motor-cycles and cycles fitted with an auxiliary motor, with or without side-cars; side-cars of all kinds		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the finished product, and provided that at least 50 % in value of the materials and parts ⁽¹⁾ used are originating products
ex Chapter 90	Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus and parts thereof, excluding products of heading Nos 90.08, 90.12 and 90.26		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product
ex 90.08	Cinematographic cameras, projectors, sound recorders and sound reproducers but not including re-recorders or film editing apparatus; any combination of these articles for film of 16 mm or more		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product, and provided that at least 50 % in value of the materials and parts ⁽¹⁾ used are originating products
90.12	Compound optical microscopes, whether or not provided with means for photographing or projecting the image		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product, and provided that at least 50 % in value of the materials and parts ⁽¹⁾ used are originating products
90.26	Gas, liquid and electricity supply or production meters; calibrating meters therefor		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product
ex Chapter 91	Clocks and watches and parts thereof excluding products of heading Nos 91.04 and 91.08		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product

⁽¹⁾ In determining the value of products, materials and parts, the following must be taken into account:

- (a) in respect of originating products, materials and parts, the first verifiable price paid, or the price which would be paid in case of sale, for the said products on the territory of the country where working, processing or assembly is carried out;
- (b) in respect of other products, materials and parts, the provisions of Article 4 of Annex II determining:
 - the value of imported products,
 - the value of products of undetermined origin.

Products obtained		Working or processing of non-originating materials that does not confer the status of originating products	Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description		
ex Chapter 92	Musical instruments, sound recorders or reproducers, television image and sound recorders or reproducers; parts and accessories of such articles		Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product
Chapter 93	Arms and ammunition; parts thereof		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
ex 96.01	Other brooms and brushes (including brushes of a kind used as parts of machines); paint rollers; squeegees (other than roller squeegees) and mops		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
97.03	Other toys; working models of a kind used for recreational purposes		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
98.01	Buttons and button moulds, studs, cuff-links, and press fasteners, including snap-fasteners and press-studs, blanks and parts of such articles		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product
98.08	Typewriter and similar ribbons, whether or not on spools; inkpads, with or without boxes		Manufacture in which the value of the products used does not exceed 50 % of the value of the finished product

Annex 3 to Annex II

LIST B

List of working or processing operations which when carried out on non-originating materials do not result in a change of tariff heading, but which do confer the status of 'originating products' on the products resulting from such operations

Finished products		Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description	
		Incorporation of materials and parts in boilers, machinery, mechanical appliances, etc., of Chapter 84 to 92 in boilers and radiators of heading No 73.37 and in the products contained in heading Nos 97.07 and 98.03 does not make such products lose their status of originating products, provided that the value of these products does not exceed 10 % of the value of the finished product
13.02	Shellac, seed lac, stick lac and other lacs; natural gums, resins, gum-resins and balsams	Working, processing or assembly in which the value of the materials and parts used does not exceed 50 % of the value of the finished product
ex 15.05	Refined lanolin	Manufacture from crude wool grease
ex 15.10	Fatty alcohols	Manufacture from fatty acids
ex 17.01	Beet sugar and cane sugar, in solid form, flavoured or coloured	Manufacture from beet sugar and cane sugar in solid form without flavouring or colouring of which the value does not exceed 30 % of the value of the finished product
ex 17.02	Lactose, glucose, maple or other sugars, in solid form, flavoured or coloured	Manufacture from other sugars in solid form without flavouring or colouring of which the value does not exceed 30 % of the value of the finished product
ex 17.03	Molasses, flavoured or coloured	Manufacture from products without flavouring or colouring of which the value does not exceed 30 % of the value of the finished product
ex 21.03	Prepared mustard	Manufacture from mustard flour
ex 22.09	Whisky of an alcoholic strength of less than 50°	Manufacture from alcohol deriving exclusively from the distillation of cereals and in which the value of the non-originating constituent products does not exceed 15 % of the value of the finished product
ex 25.15	Marble squared by sawing, of a thickness not exceeding 25 cm	Sawing into slabs or sections, polishing, grinding and cleaning of marble, including marble not further worked than roughly split, roughly squared or squared by sawing, of a thickness exceeding 25 cm
ex 25.16	Granite, porphyry, basalt, sandstone and other monumental and building stone, squared by sawing, of a thickness not exceeding 25 cm	Sawing of granite, porphyry, basalt, sandstone and other building stone, including such stone not further worked than roughly split, roughly squared or squared by sawing, of a thickness exceeding 25 cm
ex 25.18	Calcined dolomite; agglomerated dolomite (including tarred dolomite)	Calcination of unworked dolomite
ex 25.19	Other magnesium oxide, whether or not chemically pure	Manufacture from natural magnesium carbonate (magnesite)

Finished products		Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description	
ex 25.19	Natural magnesium carbonate (magnesite), whether or not calcined, other than magnesium oxide, crushed and put into hermetically sealed containers	Crushing and putting into hermetically sealed containers of natural magnesium carbonate (magnesite), whether or not calcined, other than magnesium oxide
ex 25.24	Natural asbestos fibres	Treatment of asbestos concentrate
ex 25.26	Milled and homogenized mica waste	Milling and homogenizing of mica waste
ex 25.32	Earth colours, calcined or powdered	Crushing and calcination or powdering of earth colours
ex Chapters 28 to 37	Products of the chemical and allied industries, excluding sulphuric anhydride (ex 28.13), calcined, crushed and powdered natural aluminium calcium phosphates, treated thermically (ex 31.03), tannins (ex 32.01), essential oils, resinoids and terpenic by-products (ex 33.01), preparations used for tenderizing meat, preparations used for clarifying beer composed of papain and bentonite and enzymatic preparations for the desizing of textiles (ex 35.07)	Working or processing in which the value of the products used does not exceed 20 % of the value of the finished product
ex 28.13	Sulphuric anhydride	Manufacture from sulphur dioxide
ex 31.03	Calcined, crushed and powdered natural aluminium calcium phosphates, treated thermically	Crushing and powdering of calcined natural aluminium calcium phosphates, treated thermically
ex 32.01	Tannins (tannic acids), including water-extracted gall-nut tannin, and their salts, ethers, esters and other derivatives	Manufacture from tanning extracts of vegetable origin
ex 33.01	Essential oils (terpeneless or not), concretes and absolutes; resinoids; terpenic by-products of the deterpenation of essential oils	Manufacture from concentrates of essential oils in fats, in fixed oils, or in waxes or the like, obtained by cold absorption or by maceration
ex 35.07	Preparations used for tenderizing meat, preparations used for clarifying beer, composed of papain and bentonite, enzymatic preparations for the desizing of textiles	Manufacture from enzymes or prepared enzymes of which the value does not exceed 50 % of the value of the finished product
ex Chapter 38	Miscellaneous chemical products, other than refined tall oil (ex 38.05), spirits of sulphate turpentine, purified (ex 38.07) and wood pitch (wood tar pitch) (ex 38.09)	Working or processing in which the value of the materials used does not exceed 20 % of the value of the finished product
ex 38.05	Refined tall oil	Refining of crude tall oil
ex 38.07	Sulphate turpentine, purified	Purification consisting of the distillation or refining of raw sulphate turpentine
ex 38.09	Wood pitch (wood tar pitch)	Distillation of wood tar
ex Chapter 39	Artificial resins and plastic materials, cellulose esters and ethers; articles thereof, excepting films of ionomers (ex 39.02)	Working or processing in which the value of the materials used does not exceed 20 % of the value of the finished product
ex 39.02	Ionomer film	Manufacture from a thermoplastic partial salt which is a copolymer of ethylene and metacrylic acid partly neutralized with metal ions, mainly zinc and sodium

Finished products		Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description	
ex 40.01	Slabs of crepe rubber for soles	Lamination of crepe sheets of natural rubber
ex 40.07	Vulcanized rubber thread and cord, textile covered	Manufacture from vulcanized rubber thread or cord, not textile covered
ex 41.01	Sheep and lamb-skins without the wool	Removing wool from sheep and lamb-skins in the wool
ex 41.02	Retanned bovine cattle leather (including buffalo leather) and equine leather prepared but not parchment-dressed except leather falling within heading Nos 41.06 and 41.08	Retanning of bovine cattle leather (including buffalo leather) and equine leather, not further prepared than tanned
ex 41.03	Retanned sheep and lamb-skin leather, prepared but not parchment-dressed, except leather falling within heading Nos 41.06 and 41.08	Retanning of sheep and lamb-skin leather, not further prepared than tanned
ex 41.04	Retanned goat and kid-skin leather, prepared but not parchment-dressed, except leather falling within heading Nos 41.06 and 41.08	Retanning of goat and kid-skin leather, not further prepared than tanned
ex 41.05	Other kinds of retanned leather, prepared but not parchment-dressed, except leather falling within heading Nos 41.06 and 41.08	Retanning of other kinds of leather, not further prepared than tanned
ex 43.02	Assembled furskins	Bleaching, dyeing, dressing, cutting and assembling of tanned or dressed furskins
ex 44.22	Casks, barrels, vats, tubs, buckets and other coopers' products and parts thereof	Manufacture from riven staves of wood, not further prepared than sawn on one principal surface; sawn staves of wood, of which at least one principal surface has been cylindrically sawn, not further prepared than sawn
ex 50.03	Silk waste carded or combed	Carding or combing waste silk
ex 50.09 ex 51.04 ex 53.11 ex 53.12 ex 54.05 ex 55.07 ex 55.08 ex 55.09 ex 56.07	Printed fabrics	Printing accompanied by at least one finishing operation, (bleaching, dressing, burling, mending, impregnating, sanforizing, mercerizing) where the value of the non-originating fabric before printing does not exceed 47,5 % of the value of the finished product
ex 59.14	Incandescent gas mantles	Manufacture from tubular gasmantle fabric
ex 67.01	Feather dusters	Manufacture from feathers, parts of feathers or down
ex 68.03	Articles of slate, including articles of agglomerated slate	Manufacture of articles of slate

Finished products		Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description	
ex 68.04	Hand polishing stones, whetstones, oilstones, hones and the like, of natural stone, of agglomerated natural or artificial abrasives, or of pottery	Cutting, adjusting and gluing of abrasive materials, which, owing to their shape, are not recognisable as being intended for hand use
ex 68.13	Articles of asbestos; articles of mixtures with a basis of asbestos or of mixtures with a basis of asbestos and magnesium carbonate	Manufacture of articles of asbestos or of mixtures with a basis of asbestos, or of mixtures with a basis of asbestos and magnesium carbonate
ex 68.15	Articles of mica, including bonded mica splittings on a support of paper or fabric	Manufacture of articles of mica
ex 70.10	Cut-glass bottles	Cutting of bottles the value of which does not exceed 50 % of the value of the finished product
70.13	Glassware (other than articles falling within heading No 70.19) of a kind commonly used for table, kitchen, toilet or office purposes, for indoor decoration, or similar uses	Cutting of glassware the value of which does not exceed 50 % of the value of the finished product or decoration, with the exception of silk-screen printing, carried out entirely by hand, of hand-blown glassware the value of which does not exceed 50 % of the value of the finished product
ex 70.20	Articles made from glass fibre	Manufacture from unworked glass fibre
ex 71.02	Precious and semi-precious stones, cut or otherwise worked, but not mounted, set or strung (except ungraded stones temporarily strung for convenience of transport)	Manufacture from unworked precious and semi-precious stones
ex 71.03	Synthetic or reconstructed precious or semi-precious stones, cut or otherwise worked, but not mounted, set or strung (except ungraded stones temporarily strung for convenience of transport)	Manufacture from unworked synthetic or reconstructed precious or semi-precious stones
ex 71.05	Silver and silver alloys, including silver gilt and platinum-plated silver, semi-manufactured	Rolling, drawing, beating or grinding of unwrought silver and silver alloys
ex 71.05	Silver, including silver gilt and platinum-plated silver, unwrought	Alloying or electrolytic separation of unwrought silver and silver alloys
ex 71.06	Rolled silver, semi-manufactured	Rolling, drawing, beating or grinding of unwrought rolled silver
ex 71.07	Gold, including platinum-plated gold, semi-manufactured	Rolling, drawing, beating or grinding of unwrought gold, including platinum-plated gold
ex 71.07	Gold, including platinum-plated gold, unwrought	Alloying or electrolytic separation of unwrought gold or gold alloys
ex 71.08	Rolled gold on base metal or silver, semi-manufactured	Rolling, drawing, beating or grinding of unwrought rolled gold on base metal or silver

Finished products		Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description	
ex 71.09	Platinum and other metals of the platinum group, semi-manufactured	Rolling, drawing, beating or grinding of unwrought platinum or other metals of the platinum group
ex 71.09	Platinum and other metals of the platinum group, unwrought	Alloying or electrolytic separation of unwrought platinum or other metals of the platinum group
ex 71.10	Rolled platinum or other platinum group metals, on base metal or precious metal, semi-manufactured	Rolling, drawing, beating or grinding of unwrought rolled platinum or other unwrought platinum group metals, on base metal or precious metal
ex 73.15	Alloy steel and high carbon steel: — in the forms mentioned in heading Nos 73.07 to 73.13 — in the forms mentioned in heading No 73.14	Manufacture from products in the forms mentioned in heading No 73.06 Manufacture from products in the forms mentioned in heading No 73.06 or 73.07
ex 73.29	Skid chains	Working or processing in which the value of the products used does not exceed 50 % of the value of the finished product
ex 74.01	Unrefined copper (blister copper and other)	Smelting of copper matte
ex 74.01	Refined copper	Fire-refining or electrolytic refining of unrefined copper (blister copper and other) copper waste or scrap
ex 74.01	Copper alloy	Fusion and thermal treatment of refined copper, copper waste or scrap
ex 75.01	Unwrought nickel (excluding electro-plating anodes of heading No 75.05)	Refining by electrolysis, by fusion or chemically, of nickel mattes, nickel speiss and other intermediate products of nickel metallurgy
ex 75.01	Unwrought nickel except nickel alloys	Refining of waste by electrolysis, by melting or by chemical means of waste and scrap
ex 76.01	Unwrought aluminium	Manufacture by thermal or electrolytic treatment of unalloyed aluminium, waste and scrap
76.16	Other articles of aluminium	Manufacture in which gauze, cloth, grill, netting, fencing, reinforcing fabric and similar materials (including endless bands) of aluminium wire, or expanded metal of aluminium, are used the value of which does not exceed 50 % of the value of the finished product
ex 77.02	Other articles of magnesium	Manufacture from wrought bars, rods, angles, shapes and sections, plates, sheets and strip, wire, foil, raspings and shavings of uniform size, powders and flakes, tubes and pipes and blanks therefor, hollow bars, of magnesium, the value of which does not exceed 50 % of the value of the finished product
ex 77.04	Beryllium, wrought	Rolling, drawing or grinding of unwrought beryllium the value of which does not exceed 50 % of the value of the finished product
ex 78.01	Refined lead	Manufacture by thermal refining from bullion lead

Finished products		Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description	
ex 81.01	Tungsten, wrought	Manufacture from unwrought tungsten the value of which does not exceed 50 % of the value of the finished product
ex 81.02	Molybdenum, wrought	Manufacture from unwrought molybdenum the value of which does not exceed 50 % of the value of the finished product
ex 81.03	Tantalum, wrought	Manufacture from unwrought tantalum the value of which does not exceed 50 % of the value of the finished product
ex 81.04	Other base metals, wrought	Manufacture from other base metals, unwrought, the value of which does not exceed 50 % of the value of the finished product
ex 82.09	Knives with cutting blades, serrated or not (including pruning knives) other than knives falling within heading No 82.06	Manufacture from knife blades
ex 83.06	Indoor ornaments made from base metals other than statuettes	Working or processing in which the value of the materials used does not exceed 30 % of the value of the finished product
ex 84.05	Steam engines (including mobile engines, but not steam tractors falling within heading No 87.01 or mechanically propelled road rollers) with self-contained boilers	Working, processing or assembly in which the value of the products used does not exceed 40 % of the value of the finished product
84.06	Internal combustion piston engines	Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product
ex 84.08	Engines and motors, excluding reaction engines and gas turbines	Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product
84.16	Calendering and similar rolling machines (other than metal-working and metal-rolling machines and glass-working machines) and cylinders therefor	Working, processing or assembly in which the value of the materials and parts used does not exceed 25 % of the value of the finished product
ex 84.17	Machinery, plant and similar laboratory equipment, whether or not electrically heated, for the treatment of materials by a process involving a change of temperature, for wood, paper pulp, paper and paperboard manufacturing industries	Working, processing or assembly in which the value of the materials and parts used does not exceed 25 % of the value of the finished product
84.31	Machinery for making or finishing cellulosic pulp, paper or paperboard	Working, processing or assembly in which the value of the materials and parts used does not exceed 25 % of the value of the finished product
84.33	Paper or paperboard cutting machines of all kinds; other machinery for making up paper pulp, paper or paperboard	Working, processing or assembly in which the value of the materials and parts used does not exceed 25 % of the value of the finished product

Finished products		Working or processing of non-originating materials that confers the status of originating products
CCT heading No	Description	
ex 84.41	Sewing machines, including furniture specially designed for sewing	Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product, and provided that — at least 50 % in value of the materials and parts ⁽¹⁾ used for assembly of the head (motor excluded) are originating products — and the thread tension, crochet and zigzag mechanisms are originating products
85.14	Microphones and stands therefor; loudspeakers; audio-frequency electric amplifiers	Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product
85.15	Radiotelegraphic and radiotelephonic transmission and reception apparatus; radio-broadcasting and television transmission and reception apparatus (including receivers incorporating sound recorders or reproducers) and television cameras; radio navigational aid apparatus, radar apparatus and radio remote control apparatus	Working, processing or assembly in which the value of the materials and parts used does not exceed 40 % of the value of the finished product and provided that at least 50 % of the materials and parts used are originating products
87.06	Parts and accessories of the motor vehicles falling within heading No 87.01, 87.02 or 87.03	Working, processing or assembly in which the value of the materials and parts used does not exceed 15 % of the value of the finished product
ex 94.01	Chairs and other seats (other than those falling within heading No 94.02) whether or not convertible into beds, made of base metals	Working, processing or assembly in which unstuffed cotton cloth is used of a weight of 300 g/m ² or less in the form ready to use, of which the value does not exceed 25 % of the value of the finished product ⁽²⁾
ex 94.03	Other furniture of base metal	Working, processing or assembly in which unstuffed cotton cloth is used of a weight of 300 g/m ² or less in the form ready to use, of which the value does not exceed 25 % of the value of the finished product ⁽²⁾
ex 95.05	Articles in tortoise shell, mother of pearl, ivory, bone, horn, coral (natural or agglomerated) and other animal carving material	Manufacture from tortoise shell, mother of pearl, ivory, bone, horn, coral (natural or agglomerated) and other animal carving material; worked
ex 95.08	Articles in vegetable carving material (for example corozo), meerschaum and amber, natural or reconstituted, jet (and mineral substitutes for jet)	Manufacture from vegetable carving material (for example corozo), meerschaum and amber, natural or reconstituted, jet (and mineral substitutes for jet); worked
ex 96.01	Brushes and brooms	Manufacture using prepared knots and tufts for broom or brush making the value of which does not exceed 50 % of the value of the finished product
ex 97.06	Golfclub heads, of wood or other materials	Manufacture from roughly shaped blocks
ex 97.07	Mounted fish-hooks with artificial bait; mounted fishing lines including casts	Working, processing or assembly in which the value of the materials used does not exceed 25 % of the value of the finished product
ex 98.11	Smoking pipes, pipe bowls, of wood, root or other materials	Manufacture from roughly shaped blocks

⁽¹⁾ In determining the value of products, materials and parts, the following must be taken into account:

- (a) in respect of originating products, materials and parts, the first verifiable price paid, or the price which would be paid in case of sale, for the said products on the territory of the country where working, processing or assembly is carried out;
- (b) in respect of other products, materials and parts, the provision of Article 4 of Annex II determining:
 - the value of imported products,
 - the value of products of undetermined origin.

⁽²⁾ This rule does not apply when the general rule of change of tariff heading is applied to the other parts which are part of the composition of the final product.

Annex 4 to Annex II

LIST C

List of products excluded from the scope of Annex II

CCT heading No	Description
ex 27.07	Assimilated aromatic oils as defined in Note 2 to Chapter 27, of which more than 65 % by volume distils at a temperature of up to 250 °C (including mixtures of petroleum spirit and benzole), for use as power or heating fuels
27.09 to 27.16	Mineral oils and products of their distillation; bituminous substances; mineral waxes
ex 29.01	Hydrocarbons: — acyclic — cyclanes and cyclenes, excluding azulenes — benzene, toluene, xylenes for use as power or heating fuels
ex 34.03	Lubricating preparations containing petroleum oils or oils obtained from bituminous minerals, but not including preparations containing 70 % or more by weight of petroleum oils or of oils obtained from bituminous minerals
ex 34.04	Waxes with a basis of paraffin, of petroleum waxes, of waxes obtained from bituminous minerals, of slack wax or of scale wax
ex 38.14	Prepared additives for lubricants

MOVEMENT CERTIFICATE

Annex 5 to Annex II

(1) If goods are not packed, indicate number of articles or state 'in bulk' as appropriate.

(2) Complete only where the regulations of the exporting country or territory require.

1. Exporter (Name, full address, country)	<h2 style="margin: 0;">EUR.1</h2> <h2 style="margin: 0;">No A 000.000</h2> <p style="font-size: small; margin: 5px 0;">See notes overleaf before completing this form</p>		
3. Consignee (Name, full address, country) (Optional)	2. Certificate used in preferential trade between <p style="text-align: center;">and</p> <p style="font-size: x-small; text-align: center;">(Insert appropriate countries, groups of countries or territories)</p>		
	4. Country, group of countries or territory in which the products are considered as originating	5. Country, group of countries or territory of destination	
6. Transport details (Optional)	7. Remarks		
8. Item number; Marks and numbers; Number and kind of packages (1); Description of goods		9. Gross weight (kg) or other measure (litres, m³, etc.)	10. Invoices (Optional)
11. CUSTOMS ENDORSEMENT Declaration certified Export document (2) Form No Customs office Issuing country or territory Date <p style="text-align: center;">Stamp</p> <p style="text-align: center;">(Signature)</p>		12. DECLARATION BY THE EXPORTER I, the undersigned, declare that the goods described above meet the conditions required for the issue of this certificate. Place and date <p style="text-align: center;">(Signature)</p>	

<p>13. REQUEST FOR VERIFICATION, to:</p>	<p>14. RESULT OF VERIFICATION,</p>
<p>Verification of the authenticity and accuracy of this certificate is requested.</p> <p>..... (Place and date)</p> <p>Stamp</p> <p>..... (Signature)</p>	<p>Verification carried out shows that this certificate (')</p> <p><input type="checkbox"/> was issued by the customs office indicated and that the information contained therein is accurate.</p> <p><input type="checkbox"/> does not meet the requirements as to authenticity and accuracy (see remarks appended).</p> <p>..... (Place and date)</p> <p>Stamp</p> <p>..... (Signature)</p> <p>(') Insert X in the appropriate box.</p>

NOTES

1. Certificates must not contain erasures or words written over one another. Any alterations must be made by deleting the incorrect particulars and adding any necessary corrections. Any such alteration must be initialled by the person who completed the certificate and endorsed by the customs authorities of the issuing country or territory.
2. No spaces must be left between the items entered on the certificate and each item must be preceded by an item number. A horizontal line must be drawn immediately below the last item. Any unused space must be struck through in such a manner as to make any later additions impossible.
3. Goods must be described in accordance with commercial practice and with sufficient detail to enable them to be identified.

APPLICATION FOR A MOVEMENT CERTIFICATE

1. Exporter (Name, full address, country)	<h1 style="margin: 0;">EUR.1</h1> <h2 style="margin: 0;">No A 000.000</h2>		
See notes overleaf before completing this form			
3. Consignee (Name, full address, country) (Optional)	2. Application for a certificate to be used in preferential trade between <p align="center">and</p> (Insert appropriate countries, groups of countries or territories)		
	4. Country, group of countries or territory in which the products are considered as originating	5. Country, group of countries or territory of destination	
6. Transport details (Optional)	7. Remarks		
8. Item number; Marks and numbers; Number and kind of packages (1); Description of goods		9. Gross weight (kg) or other measure (litres, m³, etc.)	10. Invoices (Optional)

(1) If goods are not packed, indicate number of articles or state 'in bulk' as appropriate.

DECLARATION BY THE EXPORTER

I, the undersigned, exporter of the goods described overleaf,

DECLARE that the goods meet the conditions required for the issue of the attached certificate;

SPECIFY as follows the circumstances which have enabled these goods to meet the above conditions:

.....
.....
.....
.....

SUBMIT the following supporting documents (1):

.....
.....
.....
.....

UNDERTAKE to submit, at the request of the appropriate authorities, any supporting evidence which these authorities may require for the purpose of issuing the attached certificate, and undertake, if required, to agree to any inspection of my accounts and to any check on the processes of manufacture of the above goods, carried out by the said authorities;

REQUEST the issue of the attached certificate for these goods.

.....
(Place and date)

.....
(Signature)

(1) For example: import documents, movement certificates, invoices, manufacturer's declarations, etc., referring to the products used in manufacture or to the goods re-exported in the same state.

Annex 6 to Annex II

Before completing this form read carefully the instructions on the other side.

FORM EUR.2 No	1 Form used in preferential trade between (1) and	
2 Exporter (Name, full address, country)	3 Declaration by exporter I, the undersigned, exporter of the goods described below, declare that the goods comply with the requirements for the completion of this form and that the goods have obtained the status of originating products within the provisions governing preferential trade shown in box 1.	
	4 Consignee (Name, full address, country)	
	5 Place and date	
7 Remarks (*)	6 Signature of exporter	
	8 Country of origin (*)	9 Country of destination (*)
	10 Gross weight (kg)	
11 Marks; Numbers of consignment; Description of goods	12 Authority in the exporting country (*) responsible for verification of the declaration by the exporter	

(1) Insert the countries, groups of countries or territories concerned. (2) Refer to any verification already carried out by the appropriate authorities. (3) The term 'country of origin' means country, group of countries or territory where the goods are considered to be originating. (4) The term 'country' means country, group of countries or territory.

(VERSO)

<p>13 Request for verification The verification of the declaration by the exporter on the front of this form is requested (*)</p> <p>.....19..... (Place and date)</p> <p>Stamp</p> <p>..... (Signature)</p>	<p>14 Result of verification Verification carried out shows that (1)</p> <p><input type="checkbox"/> the statements and particulars given in this form are accurate.</p> <p><input type="checkbox"/> this form does not meet the requirements as to accuracy and authenticity (see remarks appended)</p> <p>.....19..... (Place and date)</p> <p>Stamp</p> <p>..... (Signature)</p> <p>..... (1) Insert X in the appropriate box.</p>
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(*) Subsequent verifications of forms EUR. 2 shall be carried out at random or whenever the customs authorities of the importing State have reasonable doubt as to the accuracy of the information regarding the authenticity of the forms and the true origin of the goods in question.

Instructions for the completion of form EUR. 2

1. A form EUR. 2 may be made out only for goods which in the exporting country fulfil the conditions specified by the provisions governing the trade referred to in box 1. These provisions must be studied carefully before the form is completed.
2. In the case of a consignment by parcel post the exporter attaches the form to the dispatch note. In the case of a consignment by letter post he encloses the form in a package. The reference 'EUR. 2' and the serial number of the form should be stated on the customs green label declaration C1 or on the customs declaration C2/CP3, as appropriate.
3. These instructions do not exempt the exporter from complying with any other formalities required by customs or postal regulations.
4. An exporter who uses this form is obliged to submit to the appropriate authorities any supporting evidence which they may require and to agree to any inspection by them of his accounts and of the processes of manufacture of the goods described in box 11 of this form.

Annex 7 to Annex II

SPECIMEN OF DECLARATION

I, the undersigned, declare that the goods listed on this invoice were obtained in

.....
(indicate the State(s), country (countries) or territory (territories) bound by the Decision in which the products were obtained)

and (as appropriate):

(a) (*) satisfy the rules on the definition of the concept of 'wholly produced products'

or

(b) (*) were produced from the following products:

Description	Country of origin	Value (*)
.....
.....
.....
.....

and have undergone the following processes:

..... (indicate processings)

in

..... (indicate the State(s) partner to the Convention in which the products were obtained)

.....
(Place and date) (Signature)

(*) To be completed as necessary.

EUROPEAN COMMUNITIES

1. Supplier (*)	<p>INFORMATION CERTIFICATE to facilitate the issue of a MOVEMENT CERTIFICATE for preferential trade between the</p> <div style="border: 1px solid black; padding: 10px; text-align: center; margin: 10px auto; width: 80%;"> <p>EUROPEAN ECONOMIC COMMUNITY and the COUNTRIES AND TERRITORIES</p> </div>		
2. Consignee (*)	4. State in which the working or processing has been carried out		
3. Processor (*)			
6. Customs office of importation (*)	5. For official use		
7. Import document (*) Form No Series Date <input style="width: 20px; height: 15px;" type="text"/> <input style="width: 20px; height: 15px;" type="text"/> <input style="width: 20px; height: 15px;" type="text"/>			
GOODS SENT TO THE COUNTRY OR TERRITORY OF DESTINATION			
8. Marks, numbers, quantity and kind of package	9. Tariff heading number and description of goods	10. Quantity (*)	
		11. Value (*)	
IMPORTED GOODS USED			
12. Tariff heading number and description	13. Country of origin	14. Quantity (*)	15. Value (*) (*)
16. Nature of the working or processing carried out.			
17. Remarks			
<p>18. CUSTOMS ENDORSEMENT</p> Declaration certified Document Form No Customs office Date <input style="width: 20px; height: 15px;" type="text"/> <input style="width: 20px; height: 15px;" type="text"/> <input style="width: 20px; height: 15px;" type="text"/> <div style="border: 1px solid black; width: 100px; height: 60px; margin: 10px auto; text-align: center; font-size: 8px;"> Official stamp </div> (Signature)	<p>19. DECLARATION BY THE SUPPLIER</p> I, the undersigned, declare that the information on this certificate is accurate (Place) <input style="width: 20px; height: 15px;" type="text"/> <input style="width: 20px; height: 15px;" type="text"/> <input style="width: 20px; height: 15px;" type="text"/> (date) (Signature)		

(*) (2) (*) (*) (*) See footnotes on verso.

REQUEST FOR VERIFICATION

The undersigned customs official requests verification of the authenticity and accuracy of this information certificate

.....
(Place and date)

Official
stamp

.....
(Official's signature)

RESULT OF VERIFICATION

Verification carried out by the undersigned customs official shows that this information certificate:

- (a) was issued by the customs office indicated and that the information contained therein is accurate (*)
- (b) does not meet the requirements as to authenticity and accuracy (see notes appended) (*)

.....
(Place and date)

Official
stamp

.....
(Official's signature)

.....
(*) Delete where not applicable.

CROSS REFERENCES

(¹) Name of individual or business and full address.

(²) Optional information.

(³) kg, hl, m³ or other measure.

(⁴) Packaging shall be considered as forming a whole with the goods contained therein. However, this provision shall not apply to packaging which is not of the normal type for the article packed, and which has a lasting utility value of its own, apart from its function as packaging.

(⁵) The value must be indicated in accordance with the provisions on rules of origin.

ANNEX III

on the application of Article 79 of the Decision

Article 1

1. The Commission may, at the request of a Member State or on its own initiative, decide to apply to products originating in the countries and territories the safeguard measures which the Community may take pursuant to Article 79 of the Decision, in particular a temporary, total or partial suspension of the tariff and other measures provided for in the Decision in favour of the countries and territories.

If the Commission receives a request from a Member State, it shall take a decision thereon within three working days of receipt of the request.

Member States shall be notified of the safeguard measures, which shall apply immediately.

2. Any Member State may refer the measures taken by the Commission to the Council within 10 working days of the date of notification of such a measure. The Council shall meet without delay. Acting by a qualified majority, it may amend or annul the measure in question.

Article 2

1. Without prejudice to Article 1, the Commission may authorize a Member State to take safeguard measures to counteract the disturbances or difficulties referred to in Article 79 of the Decision.

If the Commission receives a request from the Member State concerned, it shall take a decision thereon within three working days of receipt of the request.

The Commission's decision shall be notified to all member States.

2. Any Member State may refer the Commission's decision to the Council within 10 working days of notification of that decision. The Council shall meet without delay. Acting by a qualified majority, it may amend or annul the decision taken by the Commission.

Article 3

Before taking measures on its own initiative or giving the authorization provided for in the first subparagraph of Articles 1 (1) and 2 (1), the Commission shall consult a

committee consisting of representatives of the Member States and chaired by a Commission representative.

In the cases provided for in the second subparagraph of Articles 1 (1) and 2 (1), the Commission shall notify the other Member States immediately of the requests it has received.

Article 4

1. Without prejudice to Article 2, the Member State or States concerned may, in an emergency, introduce safeguard measures. They shall notify the other Member States and the Commission of such measures forthwith.

Using an emergency procedure, the Commission shall, within five working days of the notification referred to in the first subparagraph, decide whether the measures are to be retained, amended or abolished.

The Commission's decision shall be notified to all Member States. It shall be immediately enforceable.

2. Any Member State may refer the Commission's decision to the Council within 10 working days of notification of that decision. The Council shall meet without delay. Acting by a qualified majority, it may amend or annul the decision taken by the Commission.

If the matter is referred to the Council by the Member State which has taken the measures, the Commission's decision shall be suspended. The suspension shall cease to apply 30 days after the latter has been referred to the Council if the latter has not by then amended or annulled the Commission's decision.

3. For the purposes of applying this Article, priority shall be given to measures which cause the least disturbance to the functioning of the common market.

Article 5

This Annex shall not preclude application of the Regulations establishing a common organization of agricultural markets, of Community or national administrative provisions derived therefrom or of the special Regulations adopted under Article 235 of the Treaty for processed agricultural products; it shall be implemented as a complement to those instruments.

*ANNEX IV***on exports of bananas by the countries and territories**

The following objectives have been agreed upon for improving the conditions under which the countries' and territories' bananas are produced and marketed and for continuing the advantages enjoyed by traditional suppliers in accordance with the undertakings of Article 1 of this Annex and it has been agreed that appropriate measures shall be taken for their implementation.

Article 1

In respect of its exports of bananas to the markets of the Community, no country or territory shall be placed, as regards access to its traditional markets and its advantages on those markets, in a less favourable situation than in the past or at present.

Article 2

The relevant authorities of the Member States concerned and the Community shall confer together in order to determine the measures to be implemented to improve conditions for the production and marketing of bananas. This aim shall be pursued through all the means available under the arrangements for financial, technical, agricultural, industrial and regional cooperation. The measures in question shall be designed to enable the countries and territories, account being taken of their individual circumstances, to become more competitive both on their traditional markets and on the markets of the Community. Measures shall be implemented at all stages from production to consumption and shall cover the following fields in particular:

- improvement of conditions of production and enhancement of quality through action in the areas of research, harvesting, packaging and handling,
- internal transport and stockage,
- marketing and trade promotion.

*ANNEX V***relating to the import of rum***Article 1*

Until the entry into force of a common organization of the market in spirits, rum, arrack and tafia, falling within subheading 22.09 C I of the Common Customs Tariff and originating in the countries and territories, shall be imported into the Community free of customs duties within the limits of a Community quota fixed in accordance with the following provisions.

Article 2

The tariff quota provided for in Article 1 shall be fixed each year for a period running from 1 July to 30 June.

Article 3

1. The annual tariff quota shall be fixed on the basis of a basic annual quantity, calculated in hectolitres of pure alcohol, equal to the amount of imports during the best of the last three years for which statistics are available.
2. The annual tariff quota shall be equal to the basic annual quantity determined pursuant to paragraph 1 plus a growth rate of 27 %. The quota shall be fixed on that basis.

3. However, the Council, acting unanimously on a proposal from the Commission, may each year increase or reduce the growth rate laid down in paragraph 2 in the light of Community consumption and production and developments in trade flows within the Community and between the Community, the countries and territories and the ACP States.

Article 4

When laying down the annual import quota, the Council, acting by a qualified majority on a proposal from the Commission, shall determine the allocation of the quota among the Member States, taking into account actual trends on the markets in question, the needs of the Member States and economic prospects for the period under consideration.

Article 5

For the purposes of implementing this Annex, the concept of 'originating products' and the methods of administrative cooperation relating thereto shall be those defined in Annex II.

Article 6

The products referred to in Article 1 shall be placed under Community surveillance according to detailed arrangements to be laid down by the Council when it adopts the measures provided for in Article 3.

Article 7

At the request of the relevant authorities of the countries and territories, the Community, within the framework of the provisions of Part Two, Title I, Chapter 2 of the Decision, shall assist those countries and territories in promoting and expanding their sales of rum on the traditional and non-traditional markets of the Community.

ANNEX VI

on the origin of fishery products

As regards the processing of fishery products in the countries and territories, the Community declares that it is willing to examine with an open mind requests for derogations from the rules of origin for processed products in this production sector based on the existence of compulsory landing requirements provided for in fishery agreements with third countries. The examination the Community is to make will take into account in particular the fact that the third countries concerned should ensure the normal market for such products, following processing, in so far as the latter are not intended for domestic or regional consumption.

Within this context and for canned tuna, the Community will examine requests from the relevant authorities of the countries and territories in a positive spirit, case by case, provided that the economic dossier accompanying each request clearly shows that a case such as those referred to in the preceding paragraph is involved. Taken within the time limits provided for in Article 29 of Annex II, the Decision will indicate, on a case-by-case basis, the agreed quantities and its duration of implementation, account being taken of Article 28 (8) of that Annex.

The derogations granted in the framework of this Annex shall not prejudice the rights of the relevant authorities of countries and territories to apply for and obtain derogations granted under Article 28 of Annex II.

ANNEX VII

on the tax and customs arrangements applicable in the overseas countries and territories to contracts financed by the Community

Article 1

1. The overseas countries and territories shall apply to contracts, financed by the Community, tax and customs arrangements no less favourable than those applied *vis-à-vis* the most favoured state or most favoured international development organization.

For the purpose of applying the first subparagraph, no account shall be taken of arrangements applied to other developing countries.

2. Subject to paragraph 1, the overseas countries and territories shall apply to contracts financed by the Community the arrangements laid down in Articles 2 to 12.

Article 2

Contracts financed by the Community shall not be subject in the beneficiary country or territory to stamp or registration duties or fiscal charges having equivalent effect, whether such charges exist or are to be instituted.

They may, however, be subject to the formality of registration, in accordance with the laws in force in the country or territory. This formality may entail the collection of fees which correspond to payments for the

service provided and which do not exceed the cost of the deed in accordance with the legal provisions in force in each country or territory concerned.

Article 3

1. Study, inspection or supervision contracts financed by the Community shall not give rise to turnover tax in the beneficiary country or territory.

2. Profits arising from carrying out works, study, inspection or supervision contracts financed by the Community shall be taxable according to the internal fiscal arrangements of the country or territory concerned, provided that the natural or legal persons who realised such profits in that country or territory have a permanent place of business there or that the contracts take longer than six months to carry out.

Article 4

1. Imports under a supply contract financed by the Community shall cross the frontier of the beneficiary country or territory without being subject to customs duties, import duties, taxes or fiscal charges having equivalent effect.

2. Where a supply contract financed by the Community involves a product originating in the beneficiary country or territory, the contract shall be concluded on the basis of the ex-works price of the supplies in question, to which shall be added the internal fiscal charges applicable to those supplies in the country or territory.

3. Such exemptions shall be expressly provided for in the text of the contract.

Article 5

Fuels, lubricants and hydrocarbon binders and, in general, all materials used in the performance of a works contract financed by the Community shall be deemed to have been purchased on the local market and shall be subject to fiscal rules applicable under the legislation in force in the beneficiary country or territory.

Article 6

Enterprises which must import professional equipment in order to carry out works contracts shall, if they so request, benefit from the system of temporary admission as laid down in the legislation of the beneficiary country or territory in respect of the said equipment.

Article 7

Professional equipment necessary for carrying out tasks defined in a study, inspection or supervision contract shall be temporarily admitted into the beneficiary countries or territories, free of fiscal, import and customs duties and of other charges having equivalent effect where these duties and charges do not constitute remuneration for services rendered.

Article 8

1. Personal and household effects imported for personal use by natural persons, other than those

recruited locally, engaged in carrying out tasks defined in a study, inspection or supervision contract shall be exempt from customs duties, import duties, taxes and other fiscal charges having equivalent effect, within the limit of the legislation of the beneficiary country or territory.

2. These provisions shall also apply to members of the families of the persons referred to in paragraph 1.

Article 9

1. The Commission delegate and staff appointed to the delegations, with the exception of staff recruited locally, shall be exempt from all direct taxes in the country or territory in which they perform their duties.

2. The staff referred to in paragraph 1 shall also be covered by Article 8.

Article 10

The countries and territories shall grant exemption from all national or local duties or fiscal charges on the interest, commission and amortization due on assistance given by the Community in the form of special loans, subordinated or conditional loans through risk capital or loans from the own resources of the Bank, as referred to in Articles 127 and 131 of the Decision.

Article 11

Any matter not covered by this Annex shall remain subject to the legislation of the countries and territories referred to in the Decision.

Article 12

The above provisions shall apply to the performance of all contracts financed by the Community and concluded subsequent to the entry into force of the Decision.

*ANNEX VIII***DECLARATIONS****1. Declaration regarding Part One, Title I, Chapter 1
(Agricultural cooperation and food security)**

With regard to available agricultural products, the arrangements applied to the OCT shall be based on the principles underlying the arrangements applied to the ACP States (Article 34 of the Third ACP-EEC Convention).

**2. Declaration regarding Part One, Title V
(Transport and communications)**

In the shipping field, cooperation will be based on the principles set out in Part Two, Title V of the Third ACP-EEC Convention.

3. Declaration regarding Article 70

The arrangements applied to agricultural products on import into the Community referred to in Article 70 (2) (a) (ii) shall be those applicable to products from the ACP States (Article 130 and Annex XIII to the Final Act of the Third ACP-EEC Convention).

4. Declaration by the Government of the Kingdom of the Netherlands

The Government of the Kingdom of the Netherlands draws attention to the constitutional structure of the Kingdom resulting from the Statute of 29 December 1954, and in particular to the autonomy of the non-European parts of the Kingdom so far as concerns certain provisions of the Decision and the fact that the Decision was, in consequence, adopted in cooperation with the Government of the Netherlands Antilles and Aruba pursuant to the constitutional procedures in force in the Kingdom.

It declares that, for that reason and without prejudice to the rights and obligations devolving upon it under the Treaty and under the Decision, the Government of the Netherlands Antilles and Aruba will fulfil the obligations arising out of the Decision.
