



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.07.1998
COM(1998) 389 final

98/ 0254 (ACC)
98/ 0255 (ACC)
98/ 0256 (ACC)
98/ 0257 (ACC)
98/ 0258 (ACC)
98/ 0259 (ACC)
98/ 0260 (ACC)
98/ 0261 (ACC)
98/ 0262 (ACC)
98/ 0263 (ACC)

**Proposals for
COUNCIL DECISIONS**

on a Community position on an amendment to Protocol 4 on the definition of the concept of "originating products" and methods of administrative cooperation set out in the Europe Agreement between the European Communities and Bulgaria, the Czech Republic, Poland, Hungary, the Slovak Republic and Romania

**Proposals for
COUNCIL DECISIONS**

on a Community position on an amendment to Protocol 3 on the definition of the concept of "originating products" and methods of administrative cooperation set out in the Europe Agreement between the European Communities and the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania

**Proposal for a
COUNCIL DECISION**

on a Community position on an amendment to Protocol 4 on the definition of the concept of "originating products" and methods of administrative cooperation set out in the Interim Agreement on trade and trade-related matters between the European Communities and the Republic of Slovenia

Draft

DECISION N° .../ OF THE EC-SWITZERLAND JOINT COMMITTEE

amending Protocol 3 to the Agreement between the European Economic Community and the Swiss Confederation concerning the definition of the concept of "originating products" and methods of administrative cooperation

Draft

DECISION N° .../ OF THE EC-NORWAY JOINT COMMITTEE

amending Protocol 3 to the Agreement between the European Economic Community and the Kingdom of Norway concerning the definition of the concept of "originating products" and methods of administrative cooperation

Draft

DECISION N° .../ OF THE EC-ICELAND JOINT COMMITTEE

amending Protocol 3 to the Agreement between the European Economic Community and the Republic of Iceland concerning the definition of the concept of "originating products" and methods of administrative cooperation

Draft

DECISION N° .../ OF THE EEA JOINT COMMITTEE No ..

amending Protocol 4 to the EEA Agreement on rules of origin

- Drafts common position of the Community -

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. GENERAL

- 1.1 The rules of origin are essential to the correct functioning of the free trade agreements between the Community and its trading partners.
- 1.2 The European Council meeting in Essen in December 1994 drew attention to the fact that variations in the origin rules included in the different agreements signed by the Community constituted a barrier to trade. Therefore it initiated a programme aimed at applying identical origin rules and thereby putting trade between the Community, the CEECs, the Baltic States, the EFTA and the EEA countries on the same footing. It also decided that other countries in a situation similar to those mentioned above could be similarly integrated into the system when the time came,.
- 1.3 Between 1 January and 1 July 1997 the text of the protocols on the rules of origin annexed to the agreements the Community has concluded with the countries mentioned at 1.2 above and with Slovenia was replaced by a standard text which also provides that all those countries can apply arrangements for cumulation of working and processing in trade with each other. This created a vast zone in which "originating products" could move around and obtain preferential tariff treatment.
- 1.4 The origin rules are not immutable. They must be adaptable to the political and economic requirements of the free trade area in which they apply. Some changes have, therefore, already been deemed necessary to the rules which entered into force in 1997.

2. AMENDMENTS TO THE RULES OF ORIGIN IN THE EU-CEECs, EU-BALTIC STATES, EU-EFTA, EU-SLOVENIA AND EEA AGREEMENTS

- 2.1 The EC/Turkey Association Council meeting of 29 April 1997 granted Turkey's request be integrated into the above system of standardised rules of origin. However, for the present, that integration will only apply to industrial goods, i.e. products not covered by Annex II to the Treaty. The attached texts have been completed as a consequence.

- 2.2 Amongst other things, the standard origin rules provide, that until 31 December 1998 flat rates may be used where drawback is prohibited or exemptions from customs duty are granted. Recently Bulgaria and Hungary asked for this option to be prolonged for a further two years. This will not give rise to any economic difficulties for the Community. It is therefore proposed to grant that request which only concerns the agreements with the CEECs, the Baltic States and Slovenia.
- 2.3 Since the entry into force of the standard protocol on rules of origin some Articles have given rise to difficulties of interpretation or application. Such is the case of Articles 3 and 4 for which new wording is proposed. That amendment has no impact on determining whether or not a given product has originating status, but only concerns the matter of how to determine which country should be taken as the country of origin. That amendment has no impact on preferential treatment for most sectors. In those cases where preferential treatment is distinguished according to the country of origin the economic consequences for the Community are negligible compared with the total number of transactions. That amendment represents an administrative simplification important both to administrations and economic operators.
- 2.4 As a preliminary response to the Community's undertaking on trade with the successor republics to the former Yugoslavia it is proposed that the principle of territoriality provided for in Article 12 of the EEA Agreement be extended to the CEECs, the Baltic States and Slovenia.
- 2.5 A few technical amendments to Annexes I and II to the protocols are also proposed. Those amendments concern products whose raw materials are in short supply in the trade zone.

3. CONCLUSION

The purpose of the annexed 14 proposals is to improve the functioning of the common system of origin rules. They should be taken as a single package. If the current arrangements allowing cumulation of working and processing are to remain in force, it is essential that they enter into force at the same time, i.e. on 1 January 1999.

The Commission therefore calls on the Council to draw up a common position for presentation to the committees provided for in each of the agreements.

COUNCIL DECISION

**on a Community position on an amendment to Protocol 4
on the definition of the concept of “originating products”
and methods of administrative cooperation set out in
the Europe Agreement between the
European Communities and Bulgaria**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to Article 2(1) of the Council and Commission Decision of 19 December 1994 on the conclusion of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Bulgaria, of the other part,

Having regard to the Commission proposal,

Whereas Article 38 of Protocol 4 to the said Europe Agreement provides that the Association Council may amend the provisions of the Protocol,

HAS DECIDED:

The position to be adopted by the Community within the Association Council created by virtue of Article 105 of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Bulgaria, of the other part, on an amendment to Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation set out in the Agreement shall be based on the draft Association Council decision annexed to this Decision.

Done at Brussels,

For the Council
The President

EUROPE AGREEMENT

establishing an association between the European Communities and their Member States, of the one part, and

the Republic of Bulgaria, of the other part

DRAFT

Decision No ... / ... of the Association Council

of ...

amending Protocol 4 on the definition of the concept of "originating products" and methods of administrative cooperation

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Bulgaria, of the other part, signed in Brussels on 8 March 1993 and in particular Article 38 of Protocol 4 thereof,

Whereas the definition of the term "originating products" needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas it would seem advisable to maintain in operation until 31 December 2000 the system of flat rate charges provided for in Article 15 in connection with the prohibition of drawback and exemption from customs duty;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3, 4 and 12;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 4 on the definition of the concept of "originating products" and methods of administrative cooperation is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the Community or Bulgaria.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Bulgaria, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

Article 4

Cumulation in Bulgaria

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Bulgaria if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Bulgaria and each of these countries, provided that the working or processing carried out in Bulgaria goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in Bulgaria does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Bulgaria only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Bulgaria.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Bulgaria, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Bulgaria shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. Article 12 shall be replaced by the following:

“1. Except as provided for in Article 2(1)(c), Articles 3 and 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled at all times in the Community or Bulgaria.

2. Except as provided for in Articles 3 and 4, where originating goods exported from the Community or Bulgaria to another country return, they must be

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

- (a) the returning goods are the same as those that were exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.
3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or Bulgaria on materials exported from the Community or Bulgaria and subsequently reimported there, provided:
- (a) the said materials are wholly obtained in the Community or Bulgaria or have undergone working or processing beyond the insufficient operations listed in Article 7 prior to being exported; and
 - (b) it can be demonstrated to the satisfaction of the customs authorities that:
 - i) the reimported goods have been obtained by working or processing the exported materials; and
 - ii) the total added value acquired outside the Community or Bulgaria by applying the provisions of this Article does not exceed 10% of the ex-works price of the end product for which originating status is claimed.
4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or Bulgaria. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or Bulgaria by applying the provisions of this Article, shall not exceed the stated percentage.
5. For the purposes of applying the provisions of paragraphs 3 and 4, "total added value" shall be taken to mean all costs arising outside the Community or Bulgaria, including the value of the materials incorporated there.
6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general values fixed in Article 6(2) are applied.
7. The provisions of paragraphs 3 and 4 shall not apply to products coming under Chapters 50 to 63 of the Harmonised System.
8. Any working or processing of the kind covered by the provisions of this Article and done outside the Community or Bulgaria shall be done under the outward processing arrangements, or similar arrangements."

4. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".
5. In the last paragraph of Article 15(6) the date "31 December 1998" shall be replaced by "31 December 2000".
6. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".
7. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".
8. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.
9. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

"

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

"

11. In Annex II, the rule for HS heading 7006 shall be replaced by:

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semi-conductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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12. In Annex II, the rule for HS heading 7601 shall be replaced by:

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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13. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

Chapter 1

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen
ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus Capsicum other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 - Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Association Council
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

COUNCIL DECISION

**on a Community position on an amendment to Protocol 4
on the definition of the concept of “originating products”
and methods of administrative cooperation set out in
the Europe Agreement between the
European Communities and the Czech Republic**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to Article 2(1) of the Council and Commission Decision of 19 December 1994 on the conclusion of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Czech Republic, of the other part,

Having regard to the Commission proposal,

Whereas Article 38 of Protocol 4 to the said Europe Agreement provides that the Association Council may amend the provisions of the Protocol,

HAS DECIDED:

The position to be adopted by the Community within the Association Council created by virtue of Article 104 of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Czech Republic, of the other part, on an amendment to Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation set out in the Agreement shall be based on the draft Association Council decision annexed to this Decision.

Done at Brussels,

For the Council
The President

EUROPE AGREEMENT

establishing an association between the European Communities and their Member States, of the one part, and

the Czech Republic, of the other part

DRAFT

Decision No . . . / . . . of the Association Council

of . . .

amending Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Czech Republic, of the other part, signed in Brussels on 4 October 1993 and in particular Article 38 of Protocol 4 thereof,

Whereas the definition of the term “originating products” needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas it would seem advisable to maintain in operation until 31 December 2000 the system of flat rate charges provided for in Article 15 in connection with the prohibition of drawback and exemption from customs duty;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3, 4 and 12;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the Community or the Czech Republic.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide the Czech Republic, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

Article 4

Cumulation in the Czech Republic

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in the Czech Republic if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Czech Republic and each of these countries, provided that the working or processing carried out in the Czech Republic goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Czech Republic does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Czech Republic only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Czech Republic.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Czech Republic, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Czech Republic shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. Article 12 shall be replaced by the following:

“1. Except as provided for in Article 2(1)(c), Articles 3 and 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled at all times in the Community or the Czech Republic.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

2. Except as provided for in Articles 3 and 4, where originating goods exported from the Community or the Czech Republic to another country return, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:
 - (a) the returning goods are the same as those that were exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.
3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or the Czech Republic on materials exported from the Community or the Czech Republic and subsequently reimported there, provided:
 - (a) the said materials are wholly obtained in the Community or the Czech Republic or have undergone working or processing beyond the insufficient operations listed in Article 7 prior to being exported; and
 - (b) it can be demonstrated to the satisfaction of the customs authorities that:
 - i) the reimported goods have been obtained by working or processing the exported materials; and
 - ii) the total added value acquired outside the Community or the Czech Republic by applying the provisions of this Article does not exceed 10% of the ex-works price of the end product for which originating status is claimed.
4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or the Czech Republic. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or Bulgaria by applying the provisions of this Article, shall not exceed the stated percentage.
5. For the purposes of applying the provisions of paragraphs 3 and 4, "total added value" shall be taken to mean all costs arising outside the Community or the Czech Republic, including the value of the materials incorporated there.
6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general values fixed in Article 6(2) are applied.
7. The provisions of paragraphs 3 and 4 shall not apply to products coming under Chapters 50 to 63 of the Harmonised System.
8. Any working or processing of the kind covered by the provisions of this Article and done outside the Community or the Czech Republic shall be done under the outward processing arrangements, or similar arrangements."

4. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase “~~referred to in Article 4~~” shall be replaced by “referred to in Articles 3 and 4”.
5. In the last paragraph of Article 15(6) the date “31 December 1998” shall be replaced by “31 December 2000”.
6. In Article 26 the reference “C2/CP3” shall be replaced by “CN22/CN23”.
7. In Annex I, Note 5.2, “current conducting filaments” shall be added between “artificial man-made filaments” and “synthetic man-made staple fibres of polypropylene”.
8. In Annex I, Note 5.2 the fifth example (“A carpet with tufts . . . are met.”) shall be deleted.
9. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

“

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

10. In Annex II, the rule for Chapter 57 shall be replaced by:

"

<p>Chapter 57</p>	<p>Carpets and other textile floor coverings:</p> <ul style="list-style-type: none"> - Of needleloom felt - Of other felt - Other 	<p>Manufacture from (1):</p> <ul style="list-style-type: none"> - natural fibres <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>However:</p> <ul style="list-style-type: none"> - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product <ul style="list-style-type: none"> - jute fabric may be used as backing <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - natural fibres not carded or combed or otherwise processed for spinning, <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - coir or jute yarn^(a), - synthetic or artificial filament yarn, - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning <p>But jute fabric may be used as backing</p>	
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"

(a) The use of jute yarn is authorised from 1.7.2000.

11. In Annex II, the rule for HS heading 7006 shall be replaced by:

"

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semi-conductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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"

12. In Annex II, the rule for HS heading 7601 shall be replaced by:

"

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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"

13. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

Chapter 1

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen
ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus *Capsicum* other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 - Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Association Council
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

COUNCIL DECISION

**on a Community position on an amendment to Protocol 4
on the definition of the concept of “originating products”
and methods of administrative cooperation set out in
the Europe Agreement between the
European Communities and Poland**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to Article 2(1) of the Council and Commission Decision of 13 December 1993 on the conclusion of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Poland, of the other part,

Having regard to the Commission proposal,

Whereas Article 38 of Protocol 4 to the said Europe Agreement provides that the Association Council may amend the provisions of the Protocol,

HAS DECIDED:

The position to be adopted by the Community within the Association Council created by virtue of Article 102 of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Poland, of the other part, on an amendment to Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation set out in the Agreement shall be based on the draft Association Council decision annexed to this Decision.

Done at Brussels,

For the Council
The President

EUROPE AGREEMENT

establishing an association between the European Communities and their Member States, of the one part, and

the Republic of Poland, of the other part

DRAFT

Decision No . . . / . . . of the Association Council

of . . .

amending Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Poland, of the other part, signed in Brussels on 16 December 1991 and in particular Article 38 of Protocol 4 thereof,

Whereas the definition of the term “originating products” needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas it would seem advisable to maintain in operation until 31 December 2000 the system of flat rate charges provided for in Article 15 in connection with the prohibition of drawback and exemption from customs duty;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3, 4 and 12;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the Community or Poland.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Poland, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

Article 4

Cumulation in Poland

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Bulgaria if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Poland and each of these countries, provided that the working or processing carried out in Poland goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.
2. Where the working or processing carried out in Poland does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Poland only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Poland.
3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Poland, retain their origin if exported into one of these countries.
4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Poland shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. Article 12 shall be replaced by the following:

- “1. Except as provided for in Article 2(1)(c), Articles 3 and 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled at all times in the Community or Poland.
2. Except as provided for in Articles 3 and 4, where originating goods exported from the Community or Poland to another country return, they must be

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

- (a) the returning goods are the same as those that were exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.
3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or Poland on materials exported from the Community or Poland and subsequently reimported there, provided:
- (a) the said materials are wholly obtained in the Community or Poland or have undergone working or processing beyond the insufficient operations listed in Article 7 prior to being exported; and
 - (b) it can be demonstrated to the satisfaction of the customs authorities that:
 - i) the reimported goods have been obtained by working or processing the exported materials; and
 - ii) the total added value acquired outside the Community or Poland by applying the provisions of this Article does not exceed 10% of the ex-works price of the end product for which originating status is claimed.
4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or Poland. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or Poland by applying the provisions of this Article, shall not exceed the stated percentage.
5. For the purposes of applying the provisions of paragraphs 3 and 4, "total added value" shall be taken to mean all costs arising outside the Community or Poland, including the value of the materials incorporated there.
6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general values fixed in Article 6(2) are applied.
7. The provisions of paragraphs 3 and 4 shall not apply to products coming under Chapters 50 to 63 of the Harmonised System.
8. Any working or processing of the kind covered by the provisions of this Article and done outside the Community or Poland shall be done under the outward processing arrangements, or similar arrangements."

4. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".
5. In the last paragraph of Article 15(6) the date "31 December 1998" shall be replaced by "31 December 2000".
6. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".
7. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".
8. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.
9. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

"

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

"

10. In Annex II, the rule for Chapter 57 shall be replaced by:

"

<p>Chapter 57</p>	<p>Carpets and other textile floor coverings:</p> <p>- Of needleloom felt</p> <p>- Of other felt</p> <p>- Other</p>	<p>Manufacture from (1):</p> <ul style="list-style-type: none"> - natural fibres <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>However:</p> <ul style="list-style-type: none"> - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product <p>- jute fabric may be used as backing</p>	
		<p>Manufacture from(1):</p> <ul style="list-style-type: none"> - natural fibres not carded or combed or otherwise processed for spinning, <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp 	
		<p>Manufacture from(1):</p> <ul style="list-style-type: none"> - coir or jute yarn^(a), - synthetic or artificial filament yarn - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning <p>But jute fabric may be used as backing</p>	

"

(a) The use of jute yarn is authorised from 1.7.2000.

11. In Annex II, the rule for HS heading 7006 shall be replaced by:

"

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semi-conductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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"

12. In Annex II, the rule for HS heading 7601 shall be replaced by:

"

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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"

13. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

Chapter 1

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen

ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus Capsicum other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 - Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Association Council
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

COUNCIL DECISION

**on a Community position on an amendment to Protocol 3
on the definition of the concept of “originating products”
and methods of administrative cooperation set out in
the Europe Agreement between the
European Communities and the Republic of Estonia**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to Article 2(1) of the Council and Commission Decision of 19 December 1997 on the conclusion of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Estonia, of the other part,

Having regard to the Commission proposal,

Whereas Article 38 of Protocol 3 to the said Europe Agreement provides that the Association Council may amend the provisions of the Protocol,

HAS DECIDED:

The position to be adopted by the Community within the Association Council created by virtue of Article 109 of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Estonia, of the other part, on an amendment to Protocol 3 on the definition of the concept of “originating products” and methods of administrative cooperation set out in the Agreement shall be based on the draft Association Council decision annexed to this Decision.

Done at Brussels,

For the Council
The President

EUROPE AGREEMENT

establishing an association between the European Communities and their Member States, of the one part, and

the Republic of Estonia, of the other part

DRAFT

Decision No . . . / . . . of the Association Council

of . . .

amending Protocol 3 on the definition of the concept of “originating products” and methods of administrative cooperation

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Estonia, of the other part, signed in Brussels on 12 June 1995 and in particular Article 38 of Protocol 4 thereof,

Whereas the definition of the term “originating products” needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas it would seem advisable to maintain in operation until 31 December 2000 the system of flat rate charges provided for in Article 15 in connection with the prohibition of drawback and exemption from customs duty;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3, 4 and 12;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 3 on the definition of the concept of “originating products” and methods of administrative cooperation is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the Community or Estonia.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Estonia, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

Article 4

Cumulation in Estonia

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Estonia if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Estonia and each of these countries, provided that the working or processing carried out in Estonia goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.
2. Where the working or processing carried out in Estonia does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Estonia only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Estonia.
3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Estonia, retain their origin if exported into one of these countries.
4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Estonia shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. Article 12 shall be replaced by the following:

- “1. Except as provided for in Article 2(1)(c), Articles 3 and 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled at all times in the Community or Estonia.
2. Except as provided for in Articles 3 and 4, where originating goods exported from the Community or Estonia to another country return, they must be

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

- (a) the returning goods are the same as those that were exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.
3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or Estonia on materials exported from the Community or Estonia and subsequently reimported there, provided:
- (a) the said materials are wholly obtained in the Community or Estonia or have undergone working or processing beyond the insufficient operations listed in Article 7 prior to being exported; and
 - (b) it can be demonstrated to the satisfaction of the customs authorities that:
 - i) the reimported goods have been obtained by working or processing the exported materials; and
 - ii) the total added value acquired outside the Community or Estonia by applying the provisions of this Article does not exceed 10% of the ex-works price of the end product for which originating status is claimed.
4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or Estonia. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or Estonia by applying the provisions of this Article, shall not exceed the stated percentage.
5. For the purposes of applying the provisions of paragraphs 3 and 4, "total added value" shall be taken to mean all costs arising outside the Community or Estonia, including the value of the materials incorporated there.
6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general values fixed in Article 6(2) are applied.
7. The provisions of paragraphs 3 and 4 shall not apply to products coming under Chapters 50 to 63 of the Harmonised System.
8. Any working or processing of the kind covered by the provisions of this Article and done outside the Community or Estonia shall be done under the outward processing arrangements, or similar arrangements."

4. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".
5. In the last paragraph of Article 15(6) the date "31 December 1998" shall be replaced by "31 December 2000".
6. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".
7. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".
8. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.
9. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

10. In Annex II, the rule for Chapter 57 shall be replaced by:

"

<p>Chapter 57</p>	<p>Carpets and other textile floor coverings:</p> <ul style="list-style-type: none"> - Of needleloom felt - Of other felt - Other 	<p>Manufacture from (1):</p> <ul style="list-style-type: none"> - natural fibres <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>However:</p> <ul style="list-style-type: none"> - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product <p>- jute fabric may be used as backing</p> <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - natural fibres not carded or combed or otherwise processed for spinning, <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - coir or jute yarn^(a), - synthetic or artificial filament yarn, - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning <p>But jute fabric may be used as backing</p>	
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“

(a) The use of jute yarn is authorised from 1.7.2000.

11. In Annex II, the rule for HS heading 7006 shall be replaced by:

"

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semi-conductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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"

12. In Annex II, the rule for HS heading 7601 shall be replaced by:

"

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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"

13. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

Chapter 1

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen

ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus Capsicum other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 - Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Association Council
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of “originating products” and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

Proposal for a

COUNCIL DECISION

**on a Community position on an amendment to Protocol 3
on the definition of the concept of “originating products”
and methods of administrative cooperation set out in
the Europe Agreement between the
European Communities and the Republic of Latvia**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to Article 2(1) of the Council and Commission Decision of 19 December 1997 on the conclusion of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Latvia, of the other part,

Having regard to the Commission proposal,

Whereas Article 38 of Protocol 3 to the said Europe Agreement provides that the Association Council may amend the provisions of the Protocol,

HAS DECIDED:

The position to be adopted by the Community within the Association Council created by virtue of Article 110 of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Latvia, of the other part, on an amendment to Protocol 3 on the definition of the concept of “originating products” and methods of administrative cooperation set out in the Agreement shall be based on the draft Association Council decision annexed to this Decision.

Done at Brussels,

For the Council
The President

EUROPE AGREEMENT

establishing an association between the European Communities and their Member States, of the one part, and

the Republic of Latvia, of the other part

DRAFT

Decision No . . . / . . . of the Association Council

of . . .

amending Protocol 3 on the definition of the concept of “originating products” and methods of administrative cooperation

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Latvia, of the other part, signed in Brussels on 12 June 1995 and in particular Article 38 of Protocol 3 thereof,

Whereas the definition of the term “originating products” needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas it would seem advisable to maintain in operation until 31 December 2000 the system of flat rate charges provided for in Article 15 in connection with the prohibition of drawback and exemption from customs duty;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3, 4 and 12;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 3 on the definition of the concept of “originating products” and methods of administrative cooperation is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the Community or Latvia.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Latvia, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

Article 4

Cumulation in Latvia

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Latvia if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Latvia and each of these countries, provided that the working or processing carried out in Latvia goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.
2. Where the working or processing carried out in Latvia does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Latvia only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Latvia.
3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Latvia, retain their origin if exported into one of these countries.
4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Latvia shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. Article 12 shall be replaced by the following:

- “1. Except as provided for in Article 2(1)(c), Articles 3 and 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled at all times in the Community or Latvia.
2. Except as provided for in Articles 3 and 4, where originating goods exported from the Community or Latvia to another country return, they must be

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

- (a) the returning goods are the same as those that were exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.
3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or Latvia on materials exported from the Community or Latvia and subsequently reimported there, provided:
- (a) the said materials are wholly obtained in the Community or Latvia or have undergone working or processing beyond the insufficient operations listed in Article 7 prior to being exported; and
 - (b) it can be demonstrated to the satisfaction of the customs authorities that:
 - i) the reimported goods have been obtained by working or processing the exported materials; and
 - ii) the total added value acquired outside the Community or Latvia by applying the provisions of this Article does not exceed 10% of the ex-works price of the end product for which originating status is claimed.
4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or Latvia. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or Latvia by applying the provisions of this Article, shall not exceed the stated percentage.
5. For the purposes of applying the provisions of paragraphs 3 and 4, "total added value" shall be taken to mean all costs arising outside the Community or Latvia, including the value of the materials incorporated there.
6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general values fixed in Article 6(2) are applied.
7. The provisions of paragraphs 3 and 4 shall not apply to products coming under Chapters 50 to 63 of the Harmonised System.
8. Any working or processing of the kind covered by the provisions of this Article and done outside the Community or Latvia shall be done under the outward processing arrangements, or similar arrangements."

4. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".
5. In the last paragraph of Article 15(6) the date "31 December 1998" shall be replaced by "31 December 2000".
6. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".
7. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".
8. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.
9. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

"

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

10. In Annex II, the rule for Chapter 57 shall be replaced by:

<p>Chapter 57</p>	<p>Carpets and other textile floor coverings:</p> <ul style="list-style-type: none"> - Of needleloom felt - Of other felt - Other 	<p>Manufacture from (1):</p> <ul style="list-style-type: none"> - natural fibres <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>However:</p> <ul style="list-style-type: none"> - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product <ul style="list-style-type: none"> - jute fabric may be used as backing <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - natural fibres not carded or combed or otherwise processed for spinning, <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - coir or jute yarn^(a), - synthetic or artificial filament yarn, - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning <p>But jute fabric may be used as backing</p>	
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^(a) The use of jute yarn is authorised from 1.7.2000.

11. In Annex II, the rule for HS heading 7006 shall be replaced by:

7006	<p>Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials :</p> <ul style="list-style-type: none"> - glass plate substrate coated with dielectric thin film, semiconductor grade, in accordance with SEMII standards¹ - other 	<p>Manufacture from materials (substrates) of heading 7006</p> <p>Manufacture from materials of heading 7001</p>	
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12. In Annex II, the rule for HS heading 7601 shall be replaced by:

7601	Unwrought aluminium	<p>Manufacture in which:</p> <ul style="list-style-type: none"> - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product <p>or</p> <p>Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium</p>	
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13. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

Chapter 1

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen
ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus Capsicum other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 - Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Association Council
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

Proposal for a

COUNCIL DECISION

**on a Community position on an amendment to Protocol 3
on the definition of the concept of “originating products”
and methods of administrative cooperation set out in
the Europe Agreement between the
European Communities and the Republic of Lithuania**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to Article 2(1) of the Council and Commission Decision of 19 December 1997 on the conclusion of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part,

Having regard to the Commission proposal,

Whereas Article 38 of Protocol 3 to the said Europe Agreement provides that the Association Council may amend the provisions of the Protocol,

HAS DECIDED:

The position to be adopted by the Community within the Association Council created by virtue of Article 111 of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part, on an amendment to Protocol 3 on the definition of the concept of “originating products” and methods of administrative cooperation set out in the Agreement shall be based on the draft Association Council decision annexed to this Decision.

Done at Brussels,

For the Council
The President

EUROPE AGREEMENT

establishing an association between the European Communities and their Member States, of the one part, and

the Republic of Lithuania, of the other part

DRAFT

Decision No . . . / . . of the Association Council

of . . .

amending Protocol 3 on the definition of the concept of “originating products” and methods of administrative cooperation

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part, signed in Brussels on 12 June 1995 and in particular Article 38 of Protocol 3 thereof,

Whereas the definition of the term “originating products” needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas it would seem advisable to maintain in operation until 31 December 2000 the system of flat rate charges provided for in Article 15 in connection with the prohibition of drawback and exemption from customs duty;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3, 4 and 12;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 3 on the definition of the concept of “originating products” and methods of administrative cooperation is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the Community or Lithuania.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Lithuania, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

Article 4

Cumulation in Lithuania

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Lithuania if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Lithuania and each of these countries, provided that the working or processing carried out in Lithuania goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in Lithuania does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Lithuania only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Lithuania.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Lithuania, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Lithuania shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. Article 12 shall be replaced by the following:

“1. Except as provided for in Article 2(1)(c), Articles 3 and 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled at all times in the Community or Lithuania.

2. Except as provided for in Articles 3 and 4, where originating goods exported from the Community or Lithuania to another country return, they must be

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

- (a) the returning goods are the same as those that were exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.
3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or Lithuania on materials exported from the Community or Lithuania and subsequently reimported there, provided:
- (a) the said materials are wholly obtained in the Community or Lithuania or have undergone working or processing beyond the insufficient operations listed in Article 7 prior to being exported; and
 - (b) it can be demonstrated to the satisfaction of the customs authorities that:
 - i) the reimported goods have been obtained by working or processing the exported materials; and
 - ii) the total added value acquired outside the Community or Lithuania by applying the provisions of this Article does not exceed 10% of the ex-works price of the end product for which originating status is claimed.
4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or Lithuania. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or Lithuania by applying the provisions of this Article, shall not exceed the stated percentage.
5. For the purposes of applying the provisions of paragraphs 3 and 4, "total added value" shall be taken to mean all costs arising outside the Community or Lithuania, including the value of the materials incorporated there.
6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general values fixed in Article 6(2) are applied.
7. The provisions of paragraphs 3 and 4 shall not apply to products coming under Chapters 50 to 63 of the Harmonised System.
8. Any working or processing of the kind covered by the provisions of this Article and done outside the Community or Lithuania shall be done under the outward processing arrangements, or similar arrangements."

4. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".
5. In the last paragraph of Article 15(6) the date "31 December 1998" shall be replaced by "31 December 2000".
6. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".
7. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".
8. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.
9. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

"

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

10. In Annex II, the rule for Chapter 57 shall be replaced by:

"

<p>Chapter 57</p>	<p>Carpets and other textile floor coverings:</p> <p>- Of needleloom felt</p> <p>- Of other felt</p> <p>- Other</p>	<p>Manufacture from (1):</p> <ul style="list-style-type: none"> - natural fibres <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>However:</p> <ul style="list-style-type: none"> - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product <p>- jute fabric may be used as backing</p> <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - natural fibres not carded or combed or otherwise processed for spinning, <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - coir or jute yarn^(a), - synthetic or artificial filament yarn, - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning <p>But jute fabric may be used as backing</p>	
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"

(a) The use of jute yarn is authorised from 1.7.2000.

11. In Annex II, the rule for HS heading 7006 shall be replaced by:

"

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semiconductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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"

12. In Annex II, the rule for HS heading 7601 shall be replaced by:

"

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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"

13. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

Chapter I

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen
ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarine, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus *Capsicum* other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 - Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Association Council
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

COUNCIL DECISION

**on a Community position on an amendment to Protocol 4
on the definition of the concept of “originating products”
and methods of administrative cooperation set out in
the Europe Agreement between the
European Communities and Hungary**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to Article 2(1) of the Council and Commission Decision of 13 December 1993 on the conclusion of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Hungary, of the other part,

Having regard to the Commission proposal,

Whereas Article 38 of Protocol 4 to the said Europe Agreement provides that the Association Council may amend the provisions of the Protocol,

HAS DECIDED:

The position to be adopted by the Community within the Association Council created by virtue of Article 104 of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Hungary, of the other part, on an amendment to Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation set out in the Agreement shall be based on the draft Association Council decision annexed to this Decision.

Done at Brussels,

For the Council
The President

EUROPE AGREEMENT

establishing an association between the European Communities and their Member States, of the one part, and

the Republic of Hungary, of the other part

DRAFT

Decision No .../... of the Association Council

of ...

amending Protocol 4 on the definition of the concept of "originating products" and methods of administrative cooperation

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Hungary, of the other part, signed in Brussels on 16 December 1991 and in particular Article 38 of Protocol 4 thereof,

Whereas the definition of the term "originating products" needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas it would seem advisable to maintain in operation until 31 December 2000 the system of flat rate charges provided for in Article 15 in connection with the prohibition of drawback and exemption from customs duty;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3, 4 and 12;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 4 on the definition of the concept of "originating products" and methods of administrative cooperation is hereby amended as follows:

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1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the Community or Hungary.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Hungary, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

Article 4

Cumulation in Hungary

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Hungary if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Bulgaria and each of these countries, provided that the working or processing carried out in Hungary goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.
2. Where the working or processing carried out in Hungary does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Hungary only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Hungary.
3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Hungary, retain their origin if exported into one of these countries.
4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Hungary shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. Article 12 shall be replaced by the following:

- “1. Except as provided for in Article 2(1)(c), Articles 3 and 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled at all times in the Community or Hungary.
2. Except as provided for in Articles 3 and 4, where originating goods exported from the Community or Hungary to another country return, they must be

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

- (a) the returning goods are the same as those that were exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.
3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or Hungary on materials exported from the Community or Bulgaria and subsequently reimported there, provided:
 - (a) the said materials are wholly obtained in the Community or Hungary or have undergone working or processing beyond the insufficient operations listed in Article 7 prior to being exported; and
 - (b) it can be demonstrated to the satisfaction of the customs authorities that:
 - i) the reimported goods have been obtained by working or processing the exported materials; and
 - ii) the total added value acquired outside the Community or Hungary by applying the provisions of this Article does not exceed 10% of the ex-works price of the end product for which originating status is claimed.
4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or Hungary. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or Hungary by applying the provisions of this Article, shall not exceed the stated percentage.
5. For the purposes of applying the provisions of paragraphs 3 and 4, "total added value" shall be taken to mean all costs arising outside the Community or Hungary, including the value of the materials incorporated there.
6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general values fixed in Article 6(2) are applied.
7. The provisions of paragraphs 3 and 4 shall not apply to products coming under Chapters 50 to 63 of the Harmonised System.
8. Any working or processing of the kind covered by the provisions of this Article and done outside the Community or Hungary shall be done under the outward processing arrangements, or similar arrangements."

4. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".
5. In the last paragraph of Article 15(6) the date "31 December 1998" shall be replaced by "31 December 2000".
6. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".
7. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".
8. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.
9. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

"

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status	
		(3)	or (4)
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

"

11. In Annex II, the rule for HS heading 7006 shall be replaced by:

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semi-conductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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12. In Annex II, the rule for HS heading 7601 shall be replaced by:

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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13. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

Chapter 1

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen
ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus Capsicum other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 - Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Association Council
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

COUNCIL DECISION

**on a Community position on an amendment to Protocol 4
on the definition of the concept of "originating products"
and methods of administrative cooperation set out in
the Europe Agreement between the
European Communities and the Slovak Republic**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to Article 2(1) of the Council and Commission Decision of 19 December 1994 on the conclusion of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Slovak Republic, of the other part,

Having regard to the Commission proposal,

Whereas Article 38 of Protocol 4 to the said Europe Agreement provides that the Association Council may amend the provisions of the Protocol,

HAS DECIDED:

The position to be adopted by the Community within the Association Council created by virtue of Article 104 of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Slovak Republic, of the other part, on an amendment to Protocol 4 on the definition of the concept of "originating products" and methods of administrative cooperation set out in the Agreement shall be based on the draft Association Council decision annexed to this Decision.

Done at Brussels,

For the Council
The President

EUROPE AGREEMENT

establishing an association between the European Communities and their Member States, of the one part, and

the Slovak Republic, of the other part

DRAFT

Decision No .../... of the Association Council

of ...

amending Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Slovak Republic, of the other part, signed in Brussels on 4 October 1993 and in particular Article 38 of Protocol 4 thereof,

Whereas the definition of the term “originating products” needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas it would seem advisable to maintain in operation until 31 December 2000 the system of flat rate charges provided for in Article 15 in connection with the prohibition of drawback and exemption from customs duty;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3, 4 and 12;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the Community or the Slovak Republic.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide the Slovak Republic, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

Article 4

Cumulation in the Slovak Republic

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in the Slovak Republic if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Slovak Republic and each of these countries, provided that the working or processing carried out in the Slovak Republic goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.
2. Where the working or processing carried out in the Slovak Republic does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Slovak Republic only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Slovak Republic.
3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Slovak Republic, retain their origin if exported into one of these countries.
4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Slovak Republic shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. Article 12 shall be replaced by the following:

“1. Except as provided for in Article 2(1)(c), Articles 3 and 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled at all times in the Community or the Slovak Republic.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

2. Except as provided for in Articles 3 and 4, where originating goods exported from the Community or the Slovak Republic to another country return, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:
 - (a) the returning goods are the same as those that were exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.
3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or the Slovak Republic on materials exported from the Community or Bulgaria and subsequently reimported there, provided:
 - (a) the said materials are wholly obtained in the Community or the Slovak Republic or have undergone working or processing beyond the insufficient operations listed in Article 7 prior to being exported; and
 - (b) it can be demonstrated to the satisfaction of the customs authorities that:
 - i) the reimported goods have been obtained by working or processing the exported materials; and
 - ii) the total added value acquired outside the Community or the Slovak Republic by applying the provisions of this Article does not exceed 10% of the ex-works price of the end product for which originating status is claimed.
4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or the Slovak Republic. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or the Slovak Republic by applying the provisions of this Article, shall not exceed the stated percentage.
5. For the purposes of applying the provisions of paragraphs 3 and 4, "total added value" shall be taken to mean all costs arising outside the Community or the Slovak Republic, including the value of the materials incorporated there.
6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general values fixed in Article 6(2) are applied.
7. The provisions of paragraphs 3 and 4 shall not apply to products coming under Chapters 50 to 63 of the Harmonised System.

8. Any working or processing of the kind covered by the provisions of this Article and done outside the Community or the Slovak Republic shall be done under the outward processing arrangements, or similar arrangements."
4. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".
5. In the last paragraph of Article 15(6) the date "31 December 1998" shall be replaced by "31 December 2000".
6. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".
7. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".
8. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.
9. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

10. In Annex II, the rule for Chapter 57 shall be replaced by:

Chapter 57	Carpets and other textile floor coverings: - Of needleloom felt - Of other felt - Other	<p>Manufacture from (1):</p> <ul style="list-style-type: none"> - natural fibres <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>However:</p> <ul style="list-style-type: none"> - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product <p>- jute fabric may be used as backing</p> <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - natural fibres not carded or combed or otherwise processed for spinning, <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - coir or jute yarn^(a), - synthetic or artificial filament yarn - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning <p>But jute fabric may be used as backing</p>	
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(a) The use of jute yarn is authorised from 1.7.2000.

11. In Annex II, the rule for HS heading 7006 shall be replaced by:

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semiconductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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12. In Annex II, the rule for HS heading 7601 shall be replaced by:

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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13. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply.
listed in the order of HS Chapters and Headings

Chapter 1

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen
ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus Capsicum other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 – Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Association Council
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

COUNCIL DECISION

**on a Community position on an amendment to Protocol 4
on the definition of the concept of "originating products"
and methods of administrative cooperation set out in
the Europe Agreement between the
European Communities and Romania**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to Article 2(1) of the Council and Commission Decision of 19 December 1994 on the conclusion of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Romania, of the other part,

Having regard to the Commission proposal,

Whereas Article 38 of Protocol 4 to the said Europe Agreement provides that the Association Council may amend the provisions of the Protocol,

HAS DECIDED:

The position to be adopted by the Community within the Association Council created by virtue of Article 106 of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Romania, of the other part, on an amendment to Protocol 4 on the definition of the concept of "originating products" and methods of administrative cooperation set out in the Agreement shall be based on the draft Association Council decision annexed to this Decision.

Done at Brussels,

For the Council
The President

EUROPE AGREEMENT

establishing an association between the European Communities and their Member States, of the one part, and

Romania, of the other part

DRAFT

Decision No . . . / . . . of the Association Council

of . . .

amending Protocol 4 on the definition of the concept of "originating products" and methods of administrative cooperation

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Romania, of the other part, signed in Brussels on 1 February 1993 and in particular Article 38 of Protocol 4 thereof,

Whereas the definition of the term "originating products" needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas it would seem advisable to maintain in operation until 31 December 2000 the system of flat rate charges provided for in Article 15 in connection with the prohibition of drawback and exemption from customs duty;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3, 4 and 12;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 4 on the definition of the concept of "originating products" and methods of administrative cooperation is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the Community or Romania.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Romania, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

Article 4

Cumulation in Romania

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Romania if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Romania and each of these countries, provided that the working or processing carried out in Romania goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in Romania does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Romania only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Romania.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Romania, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Romania shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. Article 12 shall be replaced by the following:

“1. Except as provided for in Article 2(1)(c), Articles 3 and 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled at all times in the Community or Romania.

2. Except as provided for in Articles 3 and 4, where originating goods exported from the Community or Romania to another country return, they must be

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

- (a) the returning goods are the same as those that were exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.
3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or Romania on materials exported from the Community or Romania and subsequently reimported there, provided:
- (a) the said materials are wholly obtained in the Community or Romania or have undergone working or processing beyond the insufficient operations listed in Article 7 prior to being exported; and
 - (b) it can be demonstrated to the satisfaction of the customs authorities that:
 - i) the reimported goods have been obtained by working or processing the exported materials; and
 - ii) the total added value acquired outside the Community or Romania by applying the provisions of this Article does not exceed 10% of the ex-works price of the end product for which originating status is claimed.
4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or Romania. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or Romania by applying the provisions of this Article, shall not exceed the stated percentage.
5. For the purposes of applying the provisions of paragraphs 3 and 4, "total added value" shall be taken to mean all costs arising outside the Community or Romania, including the value of the materials incorporated there.
6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general values fixed in Article 6(2) are applied.
7. The provisions of paragraphs 3 and 4 shall not apply to products coming under Chapters 50 to 63 of the Harmonised System.
8. Any working or processing of the kind covered by the provisions of this Article and done outside the Community or Romania shall be done under the outward processing arrangements, or similar arrangements."

4. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".
5. In the last paragraph of Article 15(6) the date "31 December 1998" shall be replaced by "31 December 2000".
6. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".
7. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".
8. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.
9. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

"

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

"

10. In Annex II, the rule for Chapter 57 shall be replaced by:

"

Chapter 57	Carpets and other textile floor coverings:		
	- Of needleloom felt	Manufacture from (1): - natural fibres or - chemical materials or textile pulp However: - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product - jute fabric may be used as backing	
	- Of other felt	Manufacture from(1): - natural fibres not carded or combed or otherwise processed for spinning, or - chemical materials or textile pulp	
	- Other	Manufacture from(1): - coir or jute yarn ^(a) , - synthetic or artificial filament yarn, - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning But jute fabric may be used as backing	

“

(a) The use of jute yarn is authorised from 1.7.2000.

11. In Annex II, the rule for HS heading 7006 shall be replaced by:

"

7006	<p>Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials :</p> <ul style="list-style-type: none"> - glass plate substrate coated with dielectric thin film, semi-conductor grade, in accordance with SEMII standards¹ - other 	<p>Manufacture from materials (substrates) of heading 7006</p> <p>Manufacture from materials of heading 7001</p>	
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"

12. In Annex II, the rule for HS heading 7601 shall be replaced by:

"

7601	Unwrought aluminium	<p>Manufacture in which:</p> <ul style="list-style-type: none"> - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product <p>or</p> <p>Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium</p>	
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"

13. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

Chapter 1

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen

ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus Capsicum other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 - Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Association Council
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

Proposal for a

COUNCIL DECISION

**on a Community position on an amendment to Protocol 4
on the definition of the concept of “originating products”
and methods of administrative cooperation set out in
the Interim Agreement on trade and trade-related matters
between the
European Communities and the Republic of Slovenia**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to Article 1 of the Council and Commission Decision of 25 November 1996 on the conclusion of the Interim Agreement on trade and trade-related matters between the European Communities and their Member States, of the one part, and the Republic of Slovenia, of the other part,

Having regard to the Commission proposal,

Whereas Article 38 of Protocol 4 to the said Interim Agreement provides that the Association Council may amend the provisions of the Protocol,

HAS DECIDED:

The position to be adopted by the Community within the Cooperation Council which performs the duties of the Association Council according to Article 38 of the Interim Agreement on trade and trade-related matters between the European Communities and their Member States, of the one part, and the Republic of Slovenia, of the other part, on an amendment to Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation set out in the Agreement shall be based on the draft Cooperation Council decision annexed to this Decision.

Done at Brussels,

For the Council
The President

INTERIM AGREEMENT

**on trade and trade-related matters between the European Communities and their
Member States and the Republic of Slovenia**

DRAFT

Decision No . . . / . . . of the Cooperation Council

of . . .

**amending Protocol 4 on the definition of the concept of “originating products” and
methods of administrative cooperation**

THE COOPERATION COUNCIL,

Having regard to the Interim Agreement on trade and trade-related matters between the European Communities and the Republic of Slovenia, of the other part, signed in Brussels on 11 November 1996 and in particular Article 38 of Protocol 4 thereof,

Whereas the definition of the term “originating products” needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas it would seem advisable to maintain in operation until 31 December 2000 the system of flat rate charges provided for in Article 15 in connection with the prohibition of drawback and exemption from customs duty;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3, 4 and 12;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 4 on the definition of the concept of “originating products” and methods of administrative cooperation is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the Community or Slovenia.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Slovenia, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

Article 4

Cumulation in Slovenia

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Slovenia if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Slovenia and each of these countries, provided that the working or processing carried out in Slovenia goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.
2. Where the working or processing carried out in Slovenia does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Slovenia only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Slovenia.
3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Slovenia, retain their origin if exported into one of these countries.
4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Slovenia shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. Article 12 shall be replaced by the following:

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

1. Except as provided for in Article 2(1)(c), Articles 3 and 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled at all times in the Community or Slovenia.
2. Except as provided for in Articles 3 and 4, where originating goods exported from the Community or Slovenia to another country return, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:
 - (a) the returning goods are the same as those that were exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.
3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or Slovenia on materials exported from the Community or Slovenia and subsequently reimported there, provided:
 - (a) the said materials are wholly obtained in the Community or Slovenia or have undergone working or processing beyond the insufficient operations listed in Article 7 prior to being exported; and
 - (b) it can be demonstrated to the satisfaction of the customs authorities that:
 - i) the reimported goods have been obtained by working or processing the exported materials; and
 - ii) the total added value acquired outside the Community or Slovenia by applying the provisions of this Article does not exceed 10% of the ex-works price of the end product for which originating status is claimed.
4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or Slovenia. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or Slovenia by applying the provisions of this Article, shall not exceed the stated percentage.
5. For the purposes of applying the provisions of paragraphs 3 and 4, "total added value" shall be taken to mean all costs arising outside the Community or Slovenia, including the value of the materials incorporated there.
6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general values fixed in Article 6(2) are applied.

7. The provisions of paragraphs 3 and 4 shall not apply to products coming under Chapters 50 to 63 of the Harmonised System.
8. Any working or processing of the kind covered by the provisions of this Article and done outside the Community or Slovenia shall be done under the outward processing arrangements, or similar arrangements."
4. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".
5. In the last paragraph of Article 15(6) the date "31 December 1998" shall be replaced by "31 December 2000".
6. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".
7. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".
8. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.
9. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

10. In Annex II, the rule for Chapter 57 shall be replaced by:

"

Chapter 57	Carpets and other textile floor coverings:		
	- Of needleloom felt	Manufacture from (1): - natural fibres or - chemical materials or textile pulp However: - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product - jute fabric may be used as backing	
	- Of other felt	Manufacture from(1): - natural fibres not carded or combed or otherwise processed for spinning, or - chemical materials or textile pulp	
	- Other	Manufacture from(1): - coir or jute yarn ^(a) , - synthetic or artificial filament yarn, - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning But jute fabric may be used as backing	

(a) The use of jute yarn is authorised from 1.7.2000.

11. In Annex II, the rule for HS heading 7006 shall be replaced by:

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semiconductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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12. In Annex II, the rule for HS heading 7601 shall be replaced by:

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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13. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

Chapter 1

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen

ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus Capsicum other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 – Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Cooperation Council
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

DECISION N° .../ OF THE EC-SWITZERLAND JOINT COMMITTEE
of
amending Protocol 3 to the Agreement between the European Economic Community and the Swiss Confederation concerning the definition of the concept of “originating products” and methods of administrative cooperation

THE JOINT COMMITTEE,

Having regard to the Agreement between the European Economic Community and the Swiss Confederation¹, hereinafter referred to as “the Agreement”, signed in Brussels on 22 July 1972,

Having regard to Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, hereinafter referred to as “Protocol 3”, and in particular Article 38 thereof,

Whereas the definition of the term “originating products” needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3 and 4;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 3 is hereby amended as follows:

1. Article 1(i) shall be replaced by:

- “(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not

¹ OJ N° L 300, 31.12.1972, p. 189

known or cannot be ascertained, the first price verifiably paid for the products in the Community or Switzerland.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Switzerland, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

Article 4

Cumulation in Switzerland

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Switzerland if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Switzerland and each of these countries, provided that the working or processing carried out in Switzerland goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in Switzerland does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Switzerland only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Switzerland.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Switzerland, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Switzerland shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".

4. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".

5. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".

6. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

7. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

"

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

"

8. In Annex II, the rule for Chapter 57 shall be replaced by:

"

<p>Chapter 57</p>	<p>Carpets and other textile floor coverings:</p> <ul style="list-style-type: none"> - Of needleloom felt - Of other felt - Other 	<p>Manufacture from (1):</p> <ul style="list-style-type: none"> - natural fibres <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>However:</p> <ul style="list-style-type: none"> - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product <p>- jute fabric may be used as backing</p> <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - natural fibres not carded or combed or otherwise processed for spinning, <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - coir or jute yarn^(a), - synthetic or artificial filament yarn, - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning <p>But jute fabric may be used as backing</p>	
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"

(a) The use of jute yarn is authorised from 1.7.2000.

9. In Annex II, the rule for HS heading 7006 shall be replaced by:

"

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semi-conductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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"

10. In Annex II, the rule for HS heading 7601 shall be replaced by:

"

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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"

11. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 1

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen
ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degreas

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or

colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus *Capsicum* other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 - Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Joint Committee
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

DECISION N° .../ OF THE EC-NORWAY JOINT COMMITTEE
of
amending Protocol 3 to the Agreement between the European Economic
Community and the Kingdom of Norway concerning the definition of the concept of
“originating products” and methods of administrative cooperation

THE JOINT COMMITTEE,

Having regard to the Agreement between the European Economic Community and the Kingdom of Norway¹, hereinafter referred to as “the Agreement”, signed in Brussels on 14 May 1973,

Having regard to Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, hereinafter referred to as “Protocol 3”, and in particular Article 38 thereof,

Whereas the definition of the term “originating products” needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3 and 4;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 3 is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not

¹ OJN° L 171, 27.6.1973, p. 2

known or cannot be ascertained, the first price verifiably paid for the products in the Community or Norway.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.
2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.
3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.
4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Norway, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

Article 4

Cumulation in Norway

-
- ¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*
 - ² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Norway if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Norway and each of these countries, provided that the working or processing carried out in Norway goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in Norway does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Norway only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Norway.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Norway, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Norway shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".

4. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".

5. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".

6. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

7. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

"

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

"

8. In Annex II, the rule for Chapter 57 shall be replaced by:

"

Chapter 57	Carpets and other textile floor coverings:		
	- Of needleloom felt	<p>Manufacture from (1):</p> <ul style="list-style-type: none"> - natural fibres <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp <p>However:</p> <ul style="list-style-type: none"> - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product <p>- jute fabric may be used as backing</p>	
	- Of other felt	<p>Manufacture from(1):</p> <ul style="list-style-type: none"> - natural fibres not carded or combed or otherwise processed for spinning, <p>or</p> <ul style="list-style-type: none"> - chemical materials or textile pulp 	
- Other	<p>Manufacture from(1):</p> <ul style="list-style-type: none"> - coir or jute yarn^(a), - synthetic or artificial filament yarn, - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning <p>But jute fabric may be used as backing</p>		

(a) The use of jute yarn is authorised from 1.7.2000.

9. In Annex II, the rule for HS heading 7006 shall be replaced by:

7006	<p>Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials :</p> <ul style="list-style-type: none"> - glass plate substrate coated with dielectric thin film, semiconductor grade, in accordance with SEMII standards¹ - other 	<p>Manufacture from materials (substrates) of heading 7006</p> <p>Manufacture from materials of heading 7001</p>	
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10. In Annex II, the rule for HS heading 7601 shall be replaced by:

7601	Unwrought aluminium	<p>Manufacture in which:</p> <ul style="list-style-type: none"> - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product <p>or</p> <p>Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium</p>	
------	---------------------	---	--

11. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 1

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen
ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

ex 1522 – Residues resulting from the treatment of fatty substances or animal or vegetable waxes, excluding degrass

Chapter 16

1701

ex 1702 – Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or

colouring matter; artificial honey, whether or not mixed with natural honey; caramel excluding that of headings 1702 11 00, 1702 30 51, 1702 30 59, 1702 50 00 and 1702 90 10

1703

1801 and 1802

ex 1902 – Pasta, stuffed, containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrates, sausages and the like or meat and meat offal of any kind, including fats of all kinds

ex 2001 – Cucumbers and gherkins, onions, mango chutney, fruit of the genus Capsicum other than sweet peppers or pimentos, mushrooms and olives, prepared or preserved by vinegar or acetic acid

2002 and 2003

ex 2004 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006, excluding potatoes in the form of flour or meal and flakes of sweet corn

ex 2005 – Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006, excluding potato and sweet corn products

2006 and 2007

ex 2008 – Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding peanut butter, palm hearts, maize, yams, sweet potatoes and similar edible parts of plants containing 5% or more by weight of starch, vine leaves, hop shoots and other similar edible parts of plants

2009

ex 2106 - Flavoured and coloured sugars, syrups and molasses

2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

”

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Joint Committee
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120

2. Legal basis: Article 113 of the Treaty

3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of "originating products" and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

4. Purpose:

To allow Central and Eastern European countries to continue applying flat rates where drawback is prohibited or exemption from customs duties is granted.

To extend the system to industrial products originating in Turkey and simplify or correct certain rules, particularly those on determining which country is to be considered the originating country.

5. Financial implications:

As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

DECISION N° .../ OF THE EC-ICELAND JOINT COMMITTEE
of
amending Protocol 3 to the Agreement between the European Economic Community and the Republic of Iceland concerning the definition of the concept of “originating products” and methods of administrative cooperation

THE JOINT COMMITTEE,

Having regard to the Agreement between the European Economic Community and the Republic of Iceland¹, hereinafter referred to as “the Agreement”, signed in Brussels on 22 July 1972,

Having regard to Protocol 3 concerning the definition of the concept of originating products and methods of administrative cooperation, hereinafter referred to as “Protocol 3”, and in particular Article 38 thereof,

Whereas the definition of the term “originating products” needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Articles 3 and 4;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 3 is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not

¹ OJ N° L 301, 31.12.1972, p.2.

known or cannot be ascertained, the first price verifiably paid for the products in the Community or Iceland.”

2. Articles 3 and 4 shall be replaced by:

Article 3

Cumulation in the European Community

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Community and each of these countries, provided that the working or processing carried out in the Community goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Community shall provide Iceland, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

Article 4

Cumulation in Iceland

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

1. Without prejudice to the provisions of Article 2 paragraph 2, products shall be considered as originating in Iceland if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between Iceland and each of these countries, provided that the working or processing carried out in Iceland goes beyond that referred to in Article 7 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.

2. Where the working or processing carried out in Iceland does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Iceland only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Iceland.

3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in Iceland, retain their origin if exported into one of these countries.

4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

Iceland shall provide the Community, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. In Articles 13, 14, 15, 17, 21, 27, 30 and 32 the phrase "referred to in Article 4" shall be replaced by "referred to in Articles 3 and 4".
4. In Article 26 the reference "C2/CP3" shall be replaced by "CN22/CN23".
5. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".
6. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

7. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

"

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

"

9. In Annex II, the rule for HS heading 7006 shall be replaced by:

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semiconductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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10. In Annex II, the rule for HS heading 7601 shall be replaced by:

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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11. The following is added after Annex IV:

"Annex V

List of products originating in Turkey
to which the provisions of Articles 3 and 4 do not apply,
listed in the order of HS Chapters and Headings

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 1

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen

ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

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2009

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2204

2206

ex 2207 – Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher obtained from agricultural produce listed here

ex 2208 – Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol obtained from agricultural produce listed here.

2209

Chapter 23

2401

4501

5301 and 5302

Article 2

That Decision shall enter into force on 1 January 1999.

Done at

For the Joint Committee
The President

FINANCIAL STATEMENT

1. Budget heading: Chapter 12, Article 120
2. Legal basis: Article 113 of the Treaty
3. Titles of the agreements in question:

Proposal for an amendment to the definition of the concept of “originating products” and the methods of administrative cooperation set out in Protocol 4 to the different Europe Agreements between the EC and the CEECs, the Baltic States and Slovenia and the Agreement on the European Economic Area, and in Protocol 3 to the free trade agreements between the EEC and the EFTA countries

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As, for the purposes of industrial products, Turkey is already in a customs union with the Community and these products are therefore already zero rated when imported into the Community, and as the purpose of the amendments is essentially to facilitate trade or simplify administrative tasks, this proposal would not seem to have any major financial implications.

DECISION N° .../ OF THE EEA JOINT COMMITTEE

No ..

of

amending Protocol 4 to the EEA Agreement on rules of origin

THE EEA JOINT COMMITTEE,

Having regard to the Agreement on the European Economic Area, as adjusted by the Protocol adjusting that Agreement, hereinafter referred to as the Agreement, and in particular Article 98 thereof,

Whereas the definition of the term "originating products" needs to be amended to ensure the proper operation of the extended system of cumulation which permits the use of materials originating in the European Community, Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria, Romania, Latvia, Lithuania, Estonia, Slovenia, the European Economic Area (hereinafter referred to as the EEA), Iceland, Norway and Switzerland;

Whereas, in view of the particular arrangement on industrial products obtaining between the Community and Turkey, it would also be appropriate to extend the cumulation system to such products originating in Turkey;

Whereas to facilitate trade and simplify administrative tasks it would be desirable to amend the wording of Article 3;

Whereas, to take account of changes in processing techniques and shortages of certain raw materials, some corrections must be made to the list of working and processing requirements which non-originating materials have to fulfil to qualify for originating status,

HAS DECIDED AS FOLLOWS:

Article 1

Protocol 4 is hereby amended as follows:

1. Article 1(i) shall be replaced by:

“(i) ‘added value’ shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 or, where the customs value is not known or cannot be ascertained, the first price verifiably paid for the products in the EEA.”

2. Article 3 shall be replaced by:

Article 3

Cumulation with originating materials

1. Without prejudice to the provisions of Article 2 paragraph 1, products shall be considered as originating in the EEA if such products are obtained there, incorporating materials originating in the Community, Bulgaria, Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Lithuania, Latvia, Estonia, Slovenia, Iceland, Norway, Switzerland (including Liechtenstein)¹ or Turkey² in accordance with the provisions of the Protocol on rules of origin annexed to the Agreements between the Contracting Parties and these countries, provided that the working or processing carried out in the EEA goes beyond that referred to in Article 6 of this Protocol. It shall not be necessary that such materials have undergone sufficient working or processing.
2. Where the working or processing carried out in the EEA does not go beyond the operations referred to in Article 6, the product obtained shall be considered as originating in the EEA only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraph 1. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the EEA.
3. Products, originating in one of the countries referred to in paragraph 1, which do not undergo any working or processing in the EEA, retain their origin if exported into one of these countries.
4. The cumulation provided for in this Article may only be applied to materials and products which have acquired originating status by an application of rules of origin identical to those given in this Protocol.

The Contracting Parties shall provide each other, through the European Commission with details of the Agreements and their corresponding rules of origin, which are applied with the other countries referred to in paragraph 1. The European Commission shall publish in the Official Journal of the European Communities (C Series) the date on which the cumulation, provided for in this Article may be applied by those countries listed in paragraph 1 which have fulfilled the necessary requirements.

3. In Article 25 the reference "C2/CP3" shall be replaced by "CN22/CN23".
4. In Annex I, Note 5.2, "current conducting filaments" shall be added between "artificial man-made filaments" and "synthetic man-made staple fibres of polypropylene".

¹ *The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.*

² *Cumulation as provided for in this Article does not apply to materials originating in Turkey which are mentioned in the list at Annex V to this Protocol.*

5. In Annex I, Note 5.2 the fifth example ("A carpet with tufts . . . are met.") shall be deleted.
6. In Annex II, between the rules for HS headings 2202 and 2208 the following rule shall be inserted:

HS Heading No (1)	Description of product (2)	Working or processing of non-originating materials that confers originating status (3) or (4)	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	Manufacture: - using materials not classified in headings 2207 or 2208	

7. In Annex II, the rule for Chapter 57 shall be replaced by:

<p>Chapter 57</p>	<p>Carpets and other textile floor coverings:</p> <p>- Of needleloom felt</p> <p>- Of other felt</p> <p>- Other</p>	<p>Manufacture from (1):</p> <ul style="list-style-type: none"> - natural fibres or - chemical materials or textile pulp <p>However:</p> <ul style="list-style-type: none"> - polypropylene filament of heading 5402, - polypropylene fibres of heading 5503 or 5506, - polypropylene filament tow of heading 5501, of which the denomination in all cases of a single filament or fibre is less than 9 decitex, may be used provided their value does not exceed 40% of the ex-works price of the product <p>- jute fabric may be used as backing</p> <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - natural fibres not carded or combed or otherwise processed for spinning, or - chemical materials or textile pulp <p>Manufacture from(1):</p> <ul style="list-style-type: none"> - coir or jute yarn^(a), - synthetic or artificial filament yarn, - natural fibres, or - man-made staple fibres not carded or combed or otherwise processed for spinning <p>But jute fabric may be used as backing</p>	
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(a) The use of jute yarn is authorised from 1.7.2000.

8. In Annex II, the rule for HS heading 7006 shall be replaced by:

7006	Glass of headings 7003, 7004 or 7005, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials : - glass plate substrate coated with dielectric thin film, semi-conductor grade, in accordance with SEMII standards ¹ - other	Manufacture from materials (substrates) of heading 7006 Manufacture from materials of heading 7001	
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9. In Annex II, the rule for HS heading 7601 shall be replaced by:

7601	Unwrought aluminium	Manufacture in which: - all the materials used are classified within a heading other than that of the product; and - the value of all the materials used does not exceed 50 % of the ex-works price of the product or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium	
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10. The following is added after Annex VI:

"Annex VII

List of products originating in Turkey
to which the provisions of Article 3 do not apply,
listed in the order of HS Chapters and Headings

¹ SEMII- Semiconductor Equipment and Materials Institute Incorporated.

Chapter 1

Chapter 2

Chapter 3

0401 to 0402

ex 0403 – Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa

0404 to 0410

0504

0511

Chapter 6

0701 to 0709

ex 0710 – Vegetables (uncooked or cooked by steaming or boiling in water), frozen

ex 0711 – Vegetables, except sweet corn of heading 0711 90 30, 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

0712 to 0714

Chapter 8

ex Chapter 9 – Coffee, tea, and spices, excluding maté of heading 0903

Chapter 10

Chapter 11

Chapter 12

ex 1302 – Pectin

1501 to 1514

ex 1515 – Other fixed vegetable fats and oils (excluding jojoba oil and its fractions) and their fractions, whether or not refined, but not chemically modified

ex 1516 – Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, excluding hydrogenated castor oil known as 'opal-wax'

ex 1517 and

ex 1518 – Margarines, imitation lard and other prepared edible fats

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ISSN 0254-1475

COM(98) 389 final

DOCUMENTS

EN

02 10 11 06

Catalogue number : CB-CO-98-404-EN-C

ISBN 92-78-37371-0

Office for Official Publications of the European Communities

L-2985 Luxembourg