



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL DECISION

**on a Community position within the Cooperation Council on the introduction of two
Joint Declarations concerning the Principality of Andorra and the Republic of San
Marino and on amendments 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 Community, of the one part,
and the former Yugoslav Republic of Macedonia, of the other part**

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. Rules of origin are essential to the correct functioning of the free trade agreements between the Community and its trading partners, including the former Yugoslav Republic of Macedonia. The European Communities and its Member States, of the one part, and the former Yugoslav Republic of Macedonia, of the other part, have signed a Stabilisation and Association Agreement on 9 April 2001. The Interim Agreement on trade and trade-related matters between the European Community and the former Yugoslav Republic of Macedonia has entered into force on 1 June 2001.

Protocol 4 concerning the definition of the concept of 'originating products' and methods of administrative cooperation has been adopted together with the Interim Agreement and has entered into force, as well, on 1 June 2001.

2. In the context of the new Interim Agreement, preferential treatment may not be granted to products originating in the Republic of San Marino and to products falling within Chapters 25 to 97 originating in the Principality of Andorra when these products are exported from those countries to the former Yugoslav Republic of Macedonia. The Republic of San Marino and Andorra are bound to a customs union with the Community for those products and identical joint declarations have been included, as a standard and consolidated practice, in most preferential agreements to ensure that Protocol 4 is applied *mutatis mutandis* to the above-mentioned products originating in the Principality of Andorra and the Republic of San Marino. Such joint declarations would ensure that those products are accepted at importation in the former Yugoslav Republic of Macedonia as originating in the Community and that customs authorities of the former Yugoslav Republic of Macedonia would grant preferential treatment to those products, accordingly.
3. In the interest of clarity, it is desirable to correct a number of material errors, as well as certain errors in Protocol 4 related to mistaken references in individual Articles to other Articles. These corrections would ensure a smooth and uniform application of the provisions contained in Protocol 4.
4. The Commission therefore calls on the Council to draw up a common position for presentation to the Cooperation Council CE – former Yugoslav Republic of Macedonia.

Proposal for a

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on a Community position within the Cooperation Council on the introduction of two Joint Declarations concerning the Principality of Andorra and the Republic of San Marino and on amendments 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 Community, of the one part, and the former Yugoslav Republic of Macedonia, of the other part

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 in conjunction with Article 300(2), second subparagraph thereof,

Having regard to the proposal from the Commission,

- (1) Whereas Article 38 of Protocol 4 to the Interim Agreement on trade and trade-related matters between the European Community, of the one part, and the former Yugoslav Republic of Macedonia, of the other part¹, provides that the Cooperation Council may amend the provisions of this Protocol;

HAS DECIDED AS FOLLOWS:

Article 1

The position to be adopted by the Community within the Cooperation Council established by virtue of the Cooperation Agreement² signed on 29 April 1997, by way of Exchange of Letters between the European Community and the former Yugoslav Republic of Macedonia, on the introduction of two Joint Declarations concerning the Principality of Andorra and the Republic of San Marino and on amendments to Protocol 4 to the Interim Agreement, on the definition of the concept of ‘originating products’ and methods of administrative cooperation, is that set out in the attached draft decision of the Cooperation Council.

¹ OJ L 124, 4.5.2001, p. 2

² OJ L 348, 18.12.1997, p. 2

Done at Brussels,

For the Council
The President

INTERIM AGREEMENT

on trade and trade-related matters between the European Community, of the one part, and the former Yugoslav Republic of Macedonia, of the other part

DECISION No .../... of the COOPERATION COUNCIL

of ...

on the introduction of two joint declarations concerning the Principality of Andorra and the Republic of San Marino and on amendments to 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 Community, of the one part, and the former Yugoslav Republic of Macedonia, of the other part³, hereinafter referred to as ‘the Interim Agreement’;

Having regard in particular to Article 38 of Protocol 4 of the Interim Agreement,

Whereas:

- (1) Pending the entry into force of the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the former Yugoslav Republic of Macedonia, of the other part, signed in Luxembourg on 9 April 2001, the Council Decision No 2201/330 EC4 of 9 April 2001 has concluded the Interim Agreement on trade and trade-related matters between the European Community, of the one part, and the former Yugoslav Republic of Macedonia, of the other part.
- (2) In accordance with its Article 50 and following the notification on 27 April 2001 by both sides regarding the completion of their respective internal procedures, the Interim Agreement together with its Annexes and Protocols, including Protocol 4 concerning the definition of the concept of ‘originating products’ and methods of administrative co-operation, has entered into force on 1 June 2001⁵.
- (3) It is desirable to insert a joint declaration after Protocol 4, concerning the recognition and acceptance by the former Yugoslav Republic of Macedonia of products originating in the Republic of San Marino as originating in the Community. The inclusion of such joint declaration is a standard practice within the context of preferential agreements negotiated by the Community with third countries and the

³ OJ L 124, 4.5.2001, p. 2

⁴ OJ L 124, 4.5.2001, p. 1

⁵ Information of the Council No 149/01. OJ C 149, 19.5.2001, p. 1

existence of a customs union between the Community and the Republic of San Marino justifies the inclusion of such joint declaration.

- (4) It is desirable to insert a joint declaration after Protocol 4, concerning the recognition and acceptance by the former Yugoslav Republic of Macedonia of products falling within Chapters 25 to 97 originating in the Principality of Andorra as originating in the Community. The inclusion of such joint declaration is a standard practice within the context of preferential agreements negotiated by the Community with third countries and the existence of a customs union between the Community and Andorra for those products justifies the inclusion of such joint declaration.
- (5) In the interest of clarity, it is desirable to correct certain errors in Protocol 4 related to mistaken references in individual Articles to other Articles, as well as a number of material errors.

HAS ADOPTED THIS DECISION:

Article 1

Protocol 4 attached to the Interim Agreement on trade and trade-related matters between the European Community, of the one part, and the former Yugoslav Republic of Macedonia, of the other part, applicable since 1 June 2001 following the notification on 27 April 2001 by both sides regarding the completion of their respective internal procedures, is amended as follows:

1. In the 'Table of contents', in Title II, the second indent is replaced by the following:

“- Article 3 Bilateral cumulation in the Community”

2. In the 'Table of contents', in Title II, the third indent is replaced by the following:

“- Article 4 Bilateral cumulation in the former Yugoslav Republic of Macedonia”

3. In Article 3, the title is replaced by the following:

“Bilateral cumulation in the Community”

4. The last sentence in Article 3 is replaced by the following:

“It shall be not necessary that such materials have undergone sufficient working or processing, provided they have undergone working or processing going beyond the operations referred to in Article 7.”

5. The last sentence in Article 4 is replaced by the following:

“It shall be not necessary that such materials have undergone sufficient working or processing, provided they have undergone working or processing going beyond the operations referred to in Article 7.”

6. In Article 5, paragraph 2(a)(b)(c)(d)(e); Article 17, paragraph 4 and Article 31, paragraph 1 the terms “EC Member State” and “EC Member States” are replaced by the following:

“Member State of the Community” and “Member States of the Community”

7. Article 15, paragraph 1 is replaced by the following:

“1. Non-originating materials used in the manufacture of products originating in the Community or in the former Yugoslav Republic of Macedonia, for which a proof of origin is issued or made out in accordance with the provisions of Title V shall not be subject in the Community or the former Yugoslav Republic of Macedonia to drawback of, or exemption from, customs duties of whatever kind.”

8. Article 15, paragraph 2 is replaced by the following:

“2. The prohibition in paragraph 1 shall apply to any arrangement for refund, remission or non-payment, partial or complete, of customs duties or charges having an equivalent effect, applicable in the Community or in the former Yugoslav Republic of Macedonia to materials used in the manufacture, where such refund, remission or non-payment applies, expressly or in effect, when products obtained from the said materials are exported and not when they are retained for home use there.”

9. The last subparagraph in Article 15 is replaced by the following:

“7. The provisions of this Article shall apply from 1 January 2003. The provisions of paragraph 6 shall apply until 31 December 2005 and may be reviewed by common accord.”

10. Article 30, paragraph 1 is replaced by the following:

“1. For the application of the provisions of Article 21(1)(b) and Article 26(3) in cases where products are invoiced in a currency other than euro, amounts in the national currencies of the Member States or of the former Yugoslav Republic of Macedonia equivalent to the amounts expressed in euro shall be fixed annually by each of the countries concerned.”

11. In Article 30, paragraph 3 and Article 31, paragraph 1 the terms “European Commission” are replaced by the following:

“Commission of the European Communities”

12. In Annexe II, the last indent in column (3) of Heading 1901 is replaced by the following:

“ – the value of the materials of Chapter 17 used does not exceed 30% of the ex-works price of the product”.

13. In Annexe II, the last indent in column (3) of Heading 2106 is replaced by the following:

“- the value of the materials of Chapter 17 used does not exceed 30% of the ex-works price of the product”.

14. In Annexe II, the last three indents in column (3) applicable to the first indent in column (2) in Heading 5602, are replaced by the following:

“- polypropylene filament of heading No 5402,

- polypropylene fibres of heading No 5503 or 5506

or

- polypropylene filament tow of heading No 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”

15. In Annexe II, the last three indents in column (3) applicable to the first indent in column (2) in Chapter 57, are replaced by the following:

“- polypropylene filament of heading No 5402,

- polypropylene fibres of heading No 5503 or 5506

or

- polypropylene filament tow of heading No 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 a backing”

Article 2

After Protocol 4 the following Joint Declarations are added:

JOINT DECLARATION

concerning the Principality of Andorra

1. Products originating in the Principality of Andorra falling within Chapters 25 to 97 of the Harmonized System shall be accepted by the former Yugoslav Republic

of Macedonia as originating in the Community within the meaning of this Agreement.

2. Protocol 4 shall apply *mutatis mutandis* for the purpose of defining the originating status of the above-mentioned products.

JOINT DECLARATION

concerning the Republic of San Marino

1. Products originating in the Republic of San Marino shall be accepted by the former Yugoslav Republic of Macedonia as originating in the Community within the meaning of this Agreement.

2. Protocol 4 shall apply *mutatis mutandis* for the purpose of defining the originating status of the above-mentioned products.”

Article 3

This Decision shall enter into force on the day of its adoption and shall apply from the first day of the month following its adoption.

Done at Brussels, ...

For the Cooperation Council

The President

LEGISLATIVE FINANCIAL STATEMENT

The proposed Cooperation Council decision has no financial impact, as it only concerns the granting of the preferential treatment by the former Yugoslav Republic of Macedonia to originating products exported from the Republic of San Marino and the Principality of Andorra (Andorran agricultural products are excluded).