ANNEX VII

List referred to in Article 24 of the Act of Accession: Cyprus

1. FREE MOVEMENT OF GOODS

32001 L 0083: Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use (OJ L 311, 28.11.2001, p. 67).

By way of derogation from the requirements of quality, safety and efficacy laid down in Directive 2001/83/EC, marketing authorisations for the pharmaceutical products on the list (in the Appendix to this Annex as provided by Cyprus in one language) issued under Cypriot law prior to the date of accession, shall remain valid until they are renewed in compliance with the acquis and in accordance with the timeframe set out in the abovementioned list, or until 31 December 2005, whichever is the earlier. Notwithstanding the provisions of Title III, Chapter 4, of the Directive, marketing authorisations covered by this derogation shall not benefit from mutual recognition in the Member States.

2. FREEDOM TO PROVIDE SERVICES

32000 L 0012: Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions, (OJ L 126, 26.5.2000, p. 1), as amended by:

— 32000 L 0028: Directive 2000/28/EC of the European Parliament and of the Council of 18.9.2000 (OJ L 275, 27.10.2000, p. 37).

In Cyprus, Directive 2000/12/EC shall not apply to the Cooperative Credit and Savings Societies, in so far as they are not in conformity with the provisions of this Directive, until 31 December 2007.

As from the date of accession and until the end of the above period the Cypriot authorities shall inform the Commission at the beginning of each year about the number of non-conforming Cooperative Credit and Savings Societies which continue to be excluded, as well as the market share that they represent.

3. FREE MOVEMENT OF CAPITAL

Treaty on European Union;

Treaty establishing the European Community.

Notwithstanding the obligations under the Treaties on which the European Union is founded, Cyprus may maintain for five years from the date of accession its legislation as in force on 31 December 2000 regarding the acquisition of residences for secondary use (the Immovable Property Acquisition (Aliens) Law (CAP. 109) and Laws 52/1969, 55/1972 and 50/1990), Decision 50.228 of the Council of Ministers dated 25.8.1999 and the Circular of the Ministry of the Interior to District Officers of 30.9.1999).

4. COMPETITION POLICY

Treaty establishing the European Community: Title VI, Chapter 1 Rules on Competition.

Notwithstanding the provisions of Articles 87 and 88 of the EC Treaty, undertakings which have acquired the benefit of section 28A of the Cypriot Income Tax Law by 31 December 2001 shall be allowed to maintain the benefit of that section until 31 December 2005.

5. AGRICULTURE

A. AGRICULTURAL LEGISLATION

1. Treaty establishing the European Community, Title VI, Chapter 1, Rules on Competition.

Notwithstanding Articles 87 and 88 of the EC Treaty, Cyprus may during a period of 5 years from the date of accession provide State aid to ensure that the average family income in certain deprived areas does not fall below 80% of the national average family income. This aid shall be provided only to farmers participating in rural development schemes other than those related to Articles 4, 5, 6, 7, 25, 26, 27 and 28 of Council Regulation (EC) No 1257/1999 on support for rural development from the European Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations [1].

Cyprus shall submit an annual report to the Commission on the implementation of the State aid measures, indicating the form of the aid and the amounts.

2. 31996 R 2200: Council Regulation (EC) No 2200/96 of 28 October 1996 on the common organisation of the market in fruit and vegetables (OJ L 297, 21.11.1996, p. 1), as last amended by:

— 32002 R 1881: Council Regulation (EC) No 1881/2002 of 14.10.2002 (OJ L 285, 23.10.2002, p. 13).

By way of derogation from Article 23(4) of Regulation (EC) No 2200/96, the ceilings for withdrawal compensation fixed in Article 23(3) shall apply in Cyprus for 5 years after the date of accession. For the marketing years 2004/2005 – 2008/2009 the ceilings shall be 20 % of the marketed quantity for apples, pears, peaches and table grapes, and 10 % for citrus.

3. 31997 R 2597: Council Regulation (EC) No 2597/97 of 18 December 1997 laying down additional rules on the common organisation of the market in milk and milk products for drinking milk (OJ L 351, 23.12.1997, p. 13), as last amended by:

— 31999 R 1602: Council Regulation (EC) No 1602/1999 of 19.7.1999 (OJ L 189, 22.7.1999, p. 43).

By way of derogation from Article 3(1)(b) of Regulation (EC) No 2597/97, the requirements relating to the minimum fat content of whole milk shall not apply to drinking milk produced in Cyprus for a period of five years from the date of accession. Drinking milk which does not comply with the requirements relating to fat content may be marketed only in Cyprus or exported to a third country.

4. 31999 R 1254: Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal (OJ L 160, 26.6.1999, p. 21), as last amended by:

— 32001 R 2345: Commission Regulation (EC) No 2345/2001 of 30.11.2001 (OJ L 315, 1.12.2001, p. 29).

By way of derogation from Article 12(1) of Regulation (EC) No 1254/1999, in Cyprus the application of the stocking density shall be gradually phased in on a linear basis from 4,5 LU per hectare for the first year after accession to 1,8 LU per hectare five years after accession.

B. VETERINARY AND PHYTOSANITARY LEGISLATION

1. 31966 L 0402: Council Directive 66/402/EEC of 14 June 1966 on the marketing of cereal seed (OJ P 125, 11.7.1966, p. 2309), as last amended by:

— 32001 L 0064: Council Directive 2001/64/EC of 31.8.2001 (OJ L 234, 1.9.2001, p. 60).

The requirements regarding analytical purity laid down in Annex II of Directive 66/402/EEC for *Hordeum vulgare* L. (barley) seed shall not apply in Cyprus for a period of five years following the date of accession in relation to the marketing of such seed produced in Cyprus. During that period such seed shall not be marketed in the territory of other Member States.

2. 32002 L 0053: Council Directive 2002/53/EC of 13 June 2002 on the common catalogue of varieties of agricultural plant species (OJ L 193, 20.7.2002, p. 1);

32002 L 0055: Council Directive 2002/55/EC of 13 June 2002 on the marketing of vegetable seed (OJ L 193, 20.7.2002, p. 33).

Cyprus may postpone for a period of five years following the date of accession the application of Directives 2002/53/EC and 2002/55/EC with regard to the marketing in its territory of seeds of varieties listed in its respective national catalogues of varieties of agricultural plant species and varieties of vegetable plant species which have not been officially accepted in accordance with the provisions of those Directives. During that period, such seeds shall not be marketed in the territory of other Member States.

(1) OJ L 160, 26.6.1999, p. 80.

6. **TRANSPORT POLICY**

31985 R 3821: Council Regulation (EEC) No 3821/85 of 20 December 1985 on recording equipment in road transport (OJ L 370, 31.12.1985, p. 8), as last amended by:

— 32002 R 1360: Commission Regulation (EC) No 1360/2002 of 13.6.2002 (OJ L 207, 5.8.2002, p. 1).

By way of derogation from Article 3(1) of Regulation (EEC) No 3821/85, the requirement of installation and use of recording equipment in vehicles registered for the carriage of passengers or goods by road shall not apply to Cyprus until 31 December 2005 regarding vehicles registered before 1 January 2002 and engaged exclusively in domestic transport operations. Drivers of such vehicles shall record their driving times and rest periods using a personal log book.

7. **TAXATION**

1. 31977 L 0388: Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes – Common system of value added tax: uniform basis of assessment (OJ L 145, 13.6.1977, p. 1), as last amended by:

— 32002 L 0038: Council Directive 2002/38/EC of 7.5.2002 (OJ L 128, 15.5.2002, p. 41).

By way of derogation from Article 12(3)(a) of Directive 77/388/EEC, Cyprus may maintain an exemption with refund of tax paid at the preceding stage on the supply of pharmaceuticals and foodstuffs for human consumption, with the exception of ice cream, ice lollies, frozen yoghurt, water ice and similar products and savoury food products (potato crisps/sticks, puffs and similar products packaged for human consumption without further preparation), until 31 December 2007.

By way of derogation from Article 12(3)(a) of Directive 77/388/EEC, Cyprus may maintain a reduced rate of value added tax of not less than 5 % on the supply of restaurant services until 31 December 2007 or until the end of the transitional period referred to in Article 28l of the Directive, whichever is the earlier.

Without prejudice to the procedure set out in Article 27 of Directive 77/388/EEC, Cyprus may continue to apply a simplified procedure on value added tax for the application of a cash accounting scheme and on the value of supplies between connected persons until one year after the date of accession.

For the purposes of applying Article 28(3)(b) of Directive 77/388/EEC, Cyprus may exempt from value added tax the supply of building land referred to in point 16 of Annex F of the Directive until 31 December 2007.

Such an exemption shall not have any effect on own resources for which the basis of assessment will have to be re-established in accordance with Council Regulation (EEC, Euratom) No 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from value added tax [1].

For the purposes of applying Article 28(3)(b) of Directive 77/388/EEC, Cyprus may maintain an exemption from value added tax on international transport of passengers, referred to in point 17 of Annex F to the Directive, until the condition set out in Article 28(4) of the Directive is fulfilled or for as long as the same exemption is applied by any of the present Member States, whichever is the earlier.

2. 31992 L 0081: Council Directive 92/81/EEC of 19 October 1992 on the harmonisation of the structures of excise duties on mineral oils (OJ L 316, 31.10.1992, p. 12), as last amended by:

— 31994 L 0074: Council Directive 94/74/EC of 22.12.1994 (OJ L 365, 31.12.1994, p. 46).

Without prejudice to a formal decision to be adopted according to the procedure set out in Article 8(4) of Directive 92/81/EEC, Cyprus may apply an exemption from excise duties on mineral oils used for the production of cement until one year after the date of accession.

Without prejudice to a formal decision to be adopted according to the procedure set out in Article 8(4) of Directive 92/81/EEC, Cyprus may also apply an exemption from additional excise duties on all types of fuel used for local passenger transport until one year after the date of accession.

[1] OJ L 155, 7.6.1989, p. 9. Regulation as amended by Regulation (EC, Euratom) No 1026/1999 (OJ L 126, 20.5.1999, p. 1).

8. **ENERGY**

31968 L 0414: Council Directive 68/414/EEC of 20 December 1968 imposing an obligation on Member States of the EEC to maintain minimum stocks of crude oil and/or petroleum products (OJ L 308, 23.12.1968, p. 14), as last amended by:

— 31998 L 0093: Council Directive 98/93/EC of 14.12.98 (OJ L 358, 31.12.1998, p. 100).

By way of derogation from Article 1(1) of Directive 68/414/EEC, the minimum level of stocks of petroleum products shall not apply in Cyprus until 31 December 2007. Cyprus shall ensure that its minimum level of stocks of petroleum products corresponds, for each of the categories of petroleum products listed in Article 2, to at least the following number of days' average daily internal consumption as defined in Article 1(1):

— 60 days by the date of accession;

— 90 days by 31 December 2007.

9. **ENVIRONMENT**

A. AIR QUALITY

31999 L 0032: Council Directive 1999/32/EC of 26 April 1999 relating to a reduction in the sulphur content of certain liquid fuels and amending Directive 93/12/EEC (OJ L 121, 11.5.1999, p. 13).

By way of derogation from Articles 3(1) and 4(1) of Directive 1999/32/EC, the requirements for petrol and for diesel fuel shall not apply to Cyprus during a period of one year from the date of accession. During this period, Cyprus may seek a derogation under Articles 3(2) and (5) and 4(3) and (4) of the Directive.

B. WASTE MANAGEMENT

31994 L 0062: European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste (OJ L 365, 31.12.1994, p. 10).

By way of derogation from Article 6(1)(a) and (b) of Directive 94/62/EC, Cyprus shall attain the recovery and recycling targets for the following packaging materials by 31 December 2005 in accordance with the following intermediate targets:

— recycling of plastics: 10 % by weight by the date of accession, and a minimum of 15 % for 2004;

— recycling of paper/cardboard: 11 % by weight by the date of accession, and 14 % for 2004;

— overall recycling rate: 12 % by weight by the date of accession, and a minimum of 15 % for 2004;

— overall recovery rate: 35 % by weight by the date of accession, and 41 % for 2004.

C. WATER QUALITY

31991 L 0271: Council Directive 91/271/EEC of 21 May 1991 concerning urban waste water treatment (OJ L 135, 30.5.1991, p. 40), as amended by:

— 31998 L 0015: Commission Directive 98/15/EC of 27.2.1998 (OJ L 67, 7.3.1998, p. 29).

By way of derogation from Articles 3, 4 and, if sensitive areas have to be identified, 5(2) of Directive 91/271/EEC, the requirements for collecting systems and treatment of urban waste water shall not apply in Cyprus until 31 December 2012 in accordance with the following intermediate targets:

— by 31 December 2008, compliance with the Directive shall be achieved for 2 agglomerations (Limassol and Paralimni) with a population equivalent of more than 15 000;

— by 31 December 2009, compliance with the Directive shall be achieved for 1 further agglomeration (Nicosia) with a population equivalent of more than 15 000;

— by 31 December 2011, compliance with the Directive shall be achieved for 1 further agglomeration (Paphos) with a population equivalent of more than 15 000.

D. INDUSTRIAL POLLUTION CONTROL AND RISK MANAGEMENT

32001 L 0080: Directive 2001/80/EC of the European Parliament and of the Council of 23 October 2001 on the limitation of emissions of certain pollutants into the air from large combustion plants (OJ L 309, 27.11.2001, p. 1).

By way of derogation from Article 4(3) and part A of Annex IV of Directive 2001/80/EC, emission limit values of 1 700 mg/Nm^3 shall apply to the boilers in operation in September 2002 at the combustion plants at Dhekelia and Vasilikos until one of the following conditions materialises:

— there is an upgrade or a significant change to these boilers;

— natural gas becomes available on the island;

— Cyprus becomes an exporter of electricity;

— the currently operating boilers are closed.

During the application of the emission limit values of 1 700 mg/Nm^3, Cyprus shall report to the Commission, by 31 March each year after accession, on the fuel quality used, annual total emissions of sulphur dioxide and the estimated contribution of these sulphur emissions to the emissions in neighbouring countries.

Appendix

referred to in Chapter 1 of Annex VII (*)

(*) See OJ C 227 E, 23.9.2003, p. 20.