

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

THE KINGDOM OF BELGIUM,

THE KINGDOM OF DENMARK,

THE FEDERAL REPUBLIC OF GERMANY,

THE HELLENIC REPUBLIC,

THE KINGDOM OF SPAIN,

THE FRENCH REPUBLIC,

IRELAND,

THE ITALIAN REPUBLIC,

THE GRAND DUCHY OF LUXEMBOURG,

THE KINGDOM OF THE NETHERLANDS,

THE PORTUGUESE REPUBLIC,

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

Contracting Parties to the Treaty establishing the European Economic Community, the Treaty establishing the European Coal and Steel Community and the Treaty establishing the European Atomic Energy Community,

hereinafter referred to as 'Member States', and

THE EUROPEAN ECONOMIC COMMUNITY, THE EUROPEAN COAL AND STEEL COMMUNITY, THE EUROPEAN ATOMIC ENERGY COMMUNITY, hereinafter referred to as 'the Community',

of the one part, and

THE CZECH REPUBLIC

of the other part,

CONSIDERING the importance of the links existing between the Community, its Member States and the Czech Republic and the common values that they share;

RECOGNIZING that the Community and the Czech Republic wish to strengthen these links and to establish close and lasting relations, based on reciprocity, which would allow the Czech Republic to take part in the process of European integration, thus strengthening and widening the relations established in the past notably by the Agreement on Trade and Commercial and Economic Cooperation, signed between the Community and the Czech and Slovak Federal Republic on 7 May 1990, and by the Interim Agreement between the Community and the Czech and Slovak Federal Republic which entered into force on 1 March 1992;

RECOGNIZING that the dissolution of the Czech and Slovak Federal Republic as of 1 January 1993 prior to the entry into force of the Europe Agreement signed between the Community and the Czech and Slovak Federal Republic on 16 December 1991 has made it necessary to conclude separate Europe Agreements with each of the Slovak Republic and the Czech Republic;

CONSIDERING the opportunities for a relationship of a new quality offered by the emergence of a new democracy in the Czech Republic;

CONSIDERING the commitment of the Community and its Member States and of the Czech Republic to strengthening the political and economic freedoms which constitute the very basis of the association;

RECOGNIZING the establishment in the Czech Republic of a new political order which respects the rule of law and human rights, including the rights of persons belonging to minorities, and operates a multi-party system with free and democratic elections;

ACKNOWLEDGING the readiness of the Community to contribute to the strengthening of this new democratic order as well as to support the creation in the Czech Republic of a new economic order founded upon the principles of a free market economy;

CONSIDERING the firm commitment of the Community and its Member States and of the Czech Republic to the full implementation of all principles and provisions contained in particular in the Final Act of the Conference on Security and Cooperation in Europe (CSCE), the concluding documents of Vienna and Madrid and the Charter of Paris for a new Europe; CONSCIOUS of the importance of this Europe Agreement, hereinafter referred to as the 'Agreement', to establishing in Europe a system of stability based on cooperation, with the Community as one of the cornerstones;

BELIEVING that a link should be made between full implementation of association on the one hand, and the actual accomplishment of the Czech Republic's political, economic, and legal reforms on the other hand, as well as the introduction of the factors necessary for cooperation and the rapprochement between the parties' systems, notably in the light of the conclusions on the CSCE Bonn Conference;

DESIROUS of establishing regular political dialogue on bilateral and international issues of mutual interest;

TAKING ACCOUNT of the Community's willingness to provide decisive support for the implementation of reform and to help the Czech Republic cope with the economic and social consequences of structural readjustment;

TAKING ACCOUNT furthermore of the Community's willingness to set up instruments of cooperation and economic, technical and financial assistance on a global and multiannual basis;

CONSIDERING the commitment of the Community and the Czech Republic to free trade, and in particular to compliance with the rights and obligations arising out of the General Agreement on Tariffs and Trade;

BEARING IN MIND the economic and social disparities between the Community and the Czech Republic and thus recognizing that the objectives of this association should be reached through appropriate provisions of this Agreement;

CONVINCED that this Agreement will create a new climate for their economic relations and in particular for the development of trade and investment, instruments which are indispensable for economic restructuring and technological modernization;

DESIROUS of establishing cultural cooperation and developing exchanges of information;

RECOGNIZING the fact that the Czech Republic's ultimate objective is to accede to the Community, and that this association, in the view of the Parties, will help the Czech Republic to achieve this objective,

HAVE DECIDED to conclude this Agreement and to this end have designated as their plenipotentiaries,

THE KINGDOM OF BELGIUM:

Robert URBAIN,

Secretary of State for Foreign Trade and European Affairs

THE KINGDOM OF DENMARK:

Niels HELVEG PETERSEN,

Minister for Foreign Affairs

THE FEDERAL REPUBLIC OF GERMANY:

Klaus KINKEL,

Minister for Foreign Affairs

THE HELLENIC REPUBLIC:

Michel PAPAKONSTANTINOU,

Minister for Foreign Affairs

THE KINGDOM OF SPAIN:

Javier SOLANA,

Minister for Foreign Affairs

THE FRENCH REPUBLIC:

Alain JUPPÉ,
Minister for Foreign Affairs

IRELAND:

Dick SPRING,
Minister for Foreign Affairs

THE ITALIAN REPUBLIC:

Paolo BARATTA,
Secretary of State for Foreign Trade

THE GRAND DUCHY OF LUXEMBOURG:

Jacques POOS,
Minister for Foreign Affairs

THE KINGDOM OF THE NETHERLANDS:

Peter KOOIJMANS,
Minister for Foreign Affairs

THE PORTUGUESE REPUBLIC:

José Manuel DURÃO BARROSO,
Minister for Foreign Affairs

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND:

David HEATHCOAT-AMORY,
Minister of State for Foreign Affairs

THE EUROPEAN ECONOMIC COMMUNITY, THE EUROPEAN ATOMIC ENERGY
COMMUNITY AND THE EUROPEAN COAL AND STEEL COMMUNITY:

Willy CLAES,
Minister for Foreign Affairs of the Kingdom of Belgium,
President-in-Office of the Council of the European Communities
Sir Leon BRITTAN,
Vice-President of the Commission of the European Communities
Hans van den BROEK,
Member of the Commission of the European Communities

THE CZECH REPUBLIC:

Josef ZIELENIEC,
Minister for Foreign Affairs

WHO, having exchanged their full powers, found in good and due form,
HAVE AGREED AS FOLLOWS:

Article 1

1. An Association is hereby established between the Community and its Member States, on the one part, and the Czech Republic, on the other part.

2. The aim of this Agreement is:

- to provide an appropriate framework for the political dialogue, allowing the development of close political relations between the Parties,
- to promote the expansion of trade and the harmonious economic relations between the Parties and so to foster the dynamic economic development and prosperity in the Czech Republic,
- to provide a basis for the Community's financial and technical assistance to the Czech Republic,
- to provide an appropriate framework for the Czech Republic's gradual integration into the Community. To this end, the Czech Republic shall work towards fulfilling the necessary

conditions,

- to promote cooperation in cultural matters.

TITLE I POLITICAL DIALOGUE

Article 2

A regular political dialogue is established between the Parties which they intend to develop and intensify as an effective means to accompany and consolidate the rapprochement between the Community and the Czech Republic, support the political and economic changes under way in that country and contribute to the establishment of lasting links of solidarity and new forms of cooperation. The political dialogue and cooperation, based on shared values and aspirations:

- will facilitate the Czech Republic's full integration into the community of democratic nations and progressive rapprochement with the Community. The economic rapprochement provided for in this Agreement will lead to greater political convergence,
- will lead to an increasing convergence of positions on international issues, and in particular on those issues likely to have substantial effects on one or the other Party,
- will contribute to the rapprochement of the Parties' positions on security issues.

Article 3

At ministerial level, political dialogue shall take place within the Association Council. This shall have general responsibility for all matters which the Parties might wish to put to it.

Article 4

Other procedures and mechanisms for political dialogue shall be set up by the Parties, and in particular in the following forms:

- meetings as appropriate of the President of the Czech Republic on the one hand, and the President of the European Council and the President of the Commission of the European Communities, on the other,
- meetings at senior official level (political directors) between officials of the Slovak Republic, on the one hand, and the Presidency of the Council of the European Communities and the Commission, on the other,
- taking full advantage of diplomatic channels,
- including the Czech Republic in the group of countries receiving regular information on the issues dealt with by the European Political Cooperation as well as exchanging information with the view to achieving the objectives defined in Article 2,
- any other means which would make a useful contribution to consolidating, developing and stepping up this dialogue.

Article 5

Political dialogue at parliamentary level shall take place within the framework of the Parliamentary Association Committee.

TITLE II GENERAL PRINCIPLES

Article 6

Respect for the democratic principles and human rights established by the Helsinki Final Act and the Charter of Paris for a new Europe, as well as the principles of market economy, inspire the domestic and external policies of the Parties and constitute essential elements of the present association.

Article 7

1. The Association includes a transition period of a maximum duration of 10 years divided into two successive stages, each in principle lasting five years. The first stage shall begin when this Agreement enters into force.
2. The Association Council shall proceed regularly to examine the application of this Agreement and the accomplishment of the Czech Republic's economic reforms on the basis of the principles established in the preamble.
3. During the course of the 12 months preceding the expiration of the first stage, the Association Council shall meet to decide the transition to the second stage as well as any possible changes to be brought about as regards measures concerning the content of the provisions governing the second stage. In doing this, it will take into account the results of the examination mentioned in paragraph 2.
4. The two stages envisaged in paragraphs 1, 2 and 3 do not apply to Title III.

TITLE III FREE MOVEMENT OF GOODS

Article 8

1. The Community and the Czech Republic shall gradually establish a free trade area in a transitional period lasting a maximum of 10 years starting from the entry into force of this Agreement in accordance with the provisions of this Agreement and in conformity with those of the General Agreement on Tariffs and Trade (GATT).
2. The combined nomenclature of goods shall be applied to the classification of goods in trade between the two Parties.
3. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the duty actually applied by the Czech and Slovak Federal Republic *erga omnes* on 29 February 1992.
4. If, after entry into force of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular reductions resulting from the tariff agreement concluded as a result of the GATT Uruguay Round, such reduced duties shall replace the basic duties referred to in paragraph 3 as from that date when such reductions are applied.
5. The Community and the Czech Republic shall communicate to each other their respective basic duties.

CHAPTER I Industrial products

Article 9

1. The provisions of this Chapter shall apply to products originating in the Community and in the Czech Republic listed in Chapters 25 to 97 of the combined nomenclature with the exception of the products listed in Annex I.
2. The provisions of Articles 10 to 14 included do not apply to products mentioned in Articles 16 and 17.

Article 10

1. Customs duties on imports applicable in the Community to products originating in the Czech Republic other than those listed in Annexes II and III shall be abolished on the entry into force of this Agreement.
2. Customs duties on imports applicable in the Community to products originating in the Czech Republic listed in Annex II shall be reduced, on the date of entry into force of this Agreement, by 20 % of the basic duty and one year thereafter by a further 20 % of the basic

duty. Duties shall be totally abolished by the end of the second year after the entry into force of the Agreement.

3. The products of Czech Republic origin listed in Annex III shall benefit from a suspension of customs duties on imports within the limits of annual Community tariff quotas or ceilings increasing progressively in accordance with the conditions defined in that Annex so as to arrive at a complete abolition of customs duties on imports of the products concerned at the end of the third year after the entry into force of the Agreement.

At the same time, customs duties on imports applicable to import quantities in excess of the quotas or ceilings provided for above shall be progressively dismantled from the entry into force of this Agreement by annual reductions of 15 %. By the end of the third year, remaining duties shall be abolished.

4. Quantitative restrictions and measures having an effect equivalent to quantitative restrictions on imports to the Community shall be abolished on the date of entry into force of this Agreement with regard to the products originating in the Slovak Republic.

Article 11

1. Customs duties on imports applicable in the Czech Republic to products originating in the Community which are listed in Annex IV shall be abolished on the date of entry into force of this Agreement.

2. Customs duties on imports applicable in the Czech Republic to products originating in the Community which are listed in Annex V shall be progressively reduced in accordance with the following timetable:

- on the date of entry into force of this Agreement each duty shall be reduced to 40 % of the basic duty,
- three years after the date of entry into force of this Agreement each duty shall be reduced to 40 % of the basic duty,
- five years after the date of entry into force of this Agreement the remaining duties shall be eliminated.

3. Customs duties on imports applicable in the Czech Republic to products originating in the Community which are listed in Annex VI shall be progressively reduced according to the following timetable:

- three years after the date of entry into force of this Agreement each duty shall be reduced to 80 % of the basic duty,
- five years after the date of entry into force of this Agreement each duty shall be reduced to 60 % of the basic duty,
- seven years after the date of entry into force of this Agreement each duty shall be reduced to 40 % of the basic duty,
- nine years after the date of entry into force of this Agreement the remaining duties shall be eliminated.

4. Customs duties on imports applicable in the Czech Republic to products originating in the Community which are listed in Annex VII shall be progressively reduced in accordance with the following timetable:

- on the date of entry into force of this Agreement each duty shall be reduced to 80 % of the basic duty,
- three years after the date of entry into force of this Agreement each duty shall be reduced to 60 % of the basic duty,
- five years after the date of entry into force of this Agreement each duty shall be reduced to 40 % of the basic duty,
- seven years after the date of entry into force of this Agreement each duty shall be reduced to 20 % of the basic duty,

- nine years after the date of entry into force of this Agreement the remaining duties shall be eliminated.

5. Quantitative restrictions on imports into the Czech Republic of products originating in the Community shall be abolished upon entry into force of this Agreement, except for those listed in Annex VIII, which shall be progressively abolished by the end of the transitional period.

6. Measures having an effect equivalent to quantitative restrictions on imports into the Czech Republic of products originating in the Community shall be abolished upon entry into force of this Agreement.

Article 12

The provisions concerning the abolition of customs duties on imports shall also apply to customs duties of a fiscal nature.

Article 13

The Community and the Czech Republic shall abolish upon entry into force of this Agreement in trade between themselves, any charges having an effect equivalent to customs duties on imports.

Article 14

1. The Community and the Czech Republic shall progressively abolish between them at the latest by the end of the fifth year after entry into force of this Agreement any customs duties on exports and charges having equivalent effect.

2. Quantitative restrictions on exports to the Czech Republic and any measures having equivalent effect shall be abolished by the Community on the entry into force of this Agreement.

3. Quantitative restrictions on exports to the Community and any measures having equivalent effect shall be abolished by the Czech Republic upon entry into force of this Agreement, except for those restrictions listed in Annex IX which shall be abolished at the latest by the end of the fifth year after the entry into force of this Agreement.

Article 15

Each Party declares its readiness to reduce its customs duties in trade with the other Party more rapidly than is provided for in Articles 10 and 11 if its general economic situation and the situation of the economic sector concerned so permit.

The Association Council may make recommendations to this effect.

Article 16

Protocol 1 lays down the arrangements applicable to the textile products referred to therein.

Article 17

Protocol 2 lays down the arrangements applicable to products covered by the Treaty establishing the European Coal and Steel Community.

Article 18

1. The provisions of this chapter do not preclude the retention by the Community of an agricultural component in the duties applicable to products listed in Annex X in respect of products originating in the Czech Republic.

2. The provisions of this chapter do not preclude the introduction of an agricultural component by the Czech Republic in the duties applicable to the products listed in Annex X in respect of products originating in the Community.

CHAPTER II Agriculture

Article 19

1. The provisions of this Chapter shall apply to agricultural products originating in the Community and in the Czech Republic.
2. 'Agricultural products' means the products listed in Chapters 1 to 24 of the combined nomenclature and the products listed in Annex I, but excluding fishery products as defined by Regulation (EEC) No 3687/91.

Article 20

Protocol 3 lays down the trade arrangements for processed agricultural products which are listed in such Protocol.

Article 21

1. The Community shall abolish at the date of entry into force of this Agreement the quantitative restrictions on imports of agricultural products originating in the Czech Republic maintained by virtue of Council Regulation (EEC) No 288/82 in the form existing on the date of signature hereof.
2. The agricultural products originating in the Czech Republic listed in Annex XIa or XIb shall benefit, upon the date of entry into force of this Agreement, from the reduction of levies within the limit of Community quotas or from the reduction of customs duties and upon the conditions provided in the same Annex.
3. Imports into the Czech Republic of agricultural products originating in the Community shall be free of quantitative restrictions.
4. The Community and the Czech Republic shall grant each other the concessions referred to in Annexes XII, XIII and XIV, on a harmonious and reciprocal basis, in accordance with the conditions laid down therein.
5. Taking account of the volume of trade in agricultural products between them, of their particular sensitivity, of the rules of the common agricultural policy of the Community, of the rules of the agricultural policy of the Czech Republic, and of the consequences of the multilateral trade negotiations under the General Agreement on Tariffs and Trade, the Community and the Czech Republic shall examine in the Association Council, product by product and on an orderly and reciprocal basis, the possibilities of granting each other further concessions.

Article 22

Notwithstanding other provisions of this Agreement, and in particular Article 31, if, given the particular sensitivity of the agricultural markets, imports of products originating in one Party, which are the subject of concessions granted in Article 21, cause serious disturbance to the markets in the other Party, both Parties shall enter into consultations immediately to find an appropriate solution. Pending such solution, the Party concerned may take the measures it deems necessary.

CHAPTER III Fisheries

Article 23

The provisions of this chapter shall apply to fishery products originating in the Community and in the Czech Republic, which are covered by Regulation (EEC) No 3687/91 on the common organization of the market in the sector of fishery products.

Article 24

The fishery products originating in the Czech Republic listed in Annex XV shall benefit upon the date of entry into force of this Agreement from the reduction of customs duties provided in that Annex. The provisions of Article 21 (5) shall apply *mutatis mutandis* to fishery products.

CHAPTER IV Common provisions

Article 25

The provisions of this chapter shall apply to trade in all products except where otherwise provided herein or in Protocols 1, 2 and 3.

Article 26

1. No new customs duties on imports or exports or charges having equivalent effect shall be introduced, nor shall those already applied be increased, in trade between the Community and the Czech Republic from the date of entry into force of this Agreement.
2. No new quantitative restriction on imports or exports or measure having equivalent effect shall be introduced, nor shall those existing be made more restrictive, in trade between the Community and the Czech Republic from the date of entry into force of this Agreement.
3. Without prejudice to the concessions granted under Article 21, the provisions of paragraphs 1 and 2 of this Article shall not restrict in any way the pursuance of the respective agricultural policies of the Czech Republic and the Community or the taking of any measures under such policies.

Article 27

1. The two Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products of one Party and like products originating in the territory of the other Party.
2. Products exported to the territory of one of the two Parties may not benefit from repayment of internal taxation in excess of the amount of direct or indirect taxation imposed on them.

Article 28

1. This Agreement shall not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade except in so far as they alter the trade arrangements provided for in this Agreement.
2. Consultations between the Parties shall take place within the Association Council concerning agreements establishing such customs unions or free trade areas and, where requested, on other major issues related to their respective trade policy with third countries. In particular in the event of a third country acceding to the Community, such consultations shall take place so as to ensure that account can be taken of the mutual interests of the Community and the Czech Republic stated in this Agreement.

Article 29

Exceptional measures of limited duration which derogate from the provisions of Articles 11 and 26 (1) may be taken by the Czech Republic in the form of increased customs duties. These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.

Customs duties on imports applicable in the Czech Republic to products originating in the

Community introduced by these measures may not exceed 25 % ad valorem and shall maintain an element of preference for products originating in the Community. The total value of imports of the products which are subject to these measures may not exceed 15 % of total imports from the Community of industrial products as defined in Chapter I, during the last year for which statistics are available.

These measures shall be applied for a period not exceeding five years, unless a longer duration is authorized by the Association Council. They shall cease to apply at the latest at the expiration of the transitional period.

No such measures can be introduced in respect of a product if more than three years have elapsed since the elimination of all duties and quantitative restrictions or charges or measures having an equivalent effect concerning that product.

The Czech Republic shall inform the Association Council of any exceptional measures it intends to take and, at the request of the Community, consultations shall be held in the Association Council on such measures and the sectors to which they apply before they are applied. When taking such measures the Czech Republic shall provide the Association Council with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction at equal annual rates. The Association Council may decide on a different schedule.

Article 30

If one of the Parties finds that dumping is taking place in trade with the other Party within the meaning of Article VI of the General Agreement on Tariffs and Trade, it may take appropriate measures against this practice in accordance with the Agreement relating to the application of Article VI of the General Agreement on Tariffs and Trade, with related internal legislation and with the conditions and procedures laid down in Article 34.

Article 31

Where any product is being imported in such increased quantities and under such conditions as to cause or threaten to cause:

- serious injury to domestic producers of like or directly competitive products in the territory of one of the Contracting Parties, or
- serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region.

The Community or the Czech Republic, whichever is concerned, may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 34.

Article 32

Where compliance with the provisions of Articles 14 and 26 leads to

(i) re-export towards a third country against which the exporting Party maintains, for the product concerned, quantitative export restrictions, export duties or measures having equivalent effect;

or

(ii) a serious shortage, or threat thereof, of a product essential to the exporting Party, and where the situations abovementioned give rise, or are likely to give rise, to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 34. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 33

The Member States and the Czech Republic shall progressively adjust any State monopolies of a commercial character so as to ensure that, by the end of the fifth year following the entry into force of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Member States and of the Czech Republic. The Association Council will be informed about the measures adopted to implement this objective.

Article 34

1. In the event of the Community or the Czech Republic subjecting imports of products liable to give rise to the difficulties referred to in Article 31 to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other Party.

2. In the cases specified in Articles 30, 31 and 32, before taking the measures provided for therein or, in cases to which paragraph 3 (d) applies, as soon as possible, the Community or the Czech Republic, as the case may be, shall supply the Association Council with all relevant information, with a view to seeking a solution acceptable to the two Parties.

In the selection of measures, priority must be given to those which least disturb the functioning of this Agreement.

The safeguard measures shall be notified immediately to the Association Council and shall be the subject of periodic consultations within that body, particularly with a view to establishing a timetable for their abolition as soon as circumstances permit.

3. For the implementation of paragraph 2, the following provisions shall apply:

(a) as regards Article 31, the difficulties arising from the situation referred to in that Article shall be referred for examination to the Association Council, which may take any decision needed to put an end to such difficulties.

If the Association Council or the exporting Party has not taken a decision putting an end to the difficulties or no other satisfactory solution has been reached within 30 days of the matter being referred, the importing Party may adopt the appropriate measures to remedy the problem. These measures must not exceed the scope of what is necessary to remedy the difficulties which have arisen;

(b) as regards Article 30, the Association Council shall be informed of the dumping case as soon as the authorities of the importing Party have initiated an investigation. When no end has been put to the dumping within the meaning of Article VI of the GATT or no other satisfactory solution has been reached within 30 days of the matter being referred to the Association Council, the importing Party may adopt the appropriate measures;

(c) as regards Article 32, the difficulties arising from the situations referred to in that Article shall be referred for examination to the Association Council.

The Association Council may take any decision needed to put an end to the difficulties. If it has not taken such a decision within 30 days of the matter being referred to it, the exporting Party may apply appropriate measures on the exportation of the product concerned;

(d) where exceptional circumstances requiring immediate action make prior information or examination, as the case may be, impossible, the Community or the Czech Republic whichever is concerned may, in the situations specified in Articles 30, 31 and 32, apply forthwith the precautionary and provisional measures strictly necessary to deal with the situation, and the Association Council will be informed immediately.

Article 35

Protocol 4 lays down rules of origin for the application of tariff preferences provided for in this Agreement.

Article 36

The Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of exhaustible natural resources; the protection of national treasures of artistic, historic or archaeological value or the protection of intellectual, industrial and commercial property or rules relating to gold and silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 37

Protocol 5 lays down the specific provisions to apply to trade between the Czech Republic, of the one part, and Spain and Portugal, of the other part.

TITLE IV MOVEMENT OF WORKERS, ESTABLISHMENT, SUPPLY OF SERVICES

CHAPTER I Movement of workers

Article 38

1. Subject to the conditions and modalities applicable in each Member State:

- treatment accorded to workers of Czech Republic nationality, legally employed in the territory of a Member State shall be free from any discrimination based on nationality, as regards working conditions, remuneration or dismissal, as compared to its own nationals,
- the legally resident spouse and children of a worker legally employed in the territory of a Member State, with the exception of seasonal workers and of workers coming under bilateral agreements within the meaning of Article 42, unless otherwise provided by such agreements, shall have access to the labour market of that Member State, during the period of that worker's authorized stay of employment.

2. The Czech Republic shall, subject to the conditions and modalities applicable in that country, accord the treatment referred to in paragraph 1 to workers who are nationals of a Member State and are legally employed in its territory as well as to their spouse and children who are legally resident in the said territory.

Article 39

1. With a view to coordinating social security systems for workers of Czech Republic nationality, legally employed in the territory of a Member State and for the members of their family, legally resident there, and subject to the conditions and modalities applicable in each Member State:

- all periods of insurance, employment or residence completed by such workers in the various Member States shall be added together for the purpose of pensions and annuities in respect of old age, invalidity and death and for the purpose of medical care for such workers and such family members,
- any pensions or annuities in respect of old age, death, industrial accident or occupational disease, or of invalidity resulting therefrom, with the exception of non-contributory benefits, shall be freely transferable at the rate applied by virtue of the law of the debtor Member State or States,
- the workers in question shall receive family allowances for the members of their family as defined above.

2. The Czech Republic shall accord to workers who are nationals of a Member State and legally employed in its territory, and to members of their families legally resident there, treatment similar to that specified in the second and third indents of paragraph 1.

Article 40

1. The Association Council shall by decision adopt the appropriate provisions to implement the objective set out in Article 39.
2. The Association Council shall by decision adopt detailed rules for administrative cooperation providing the necessary management and control guarantees for the application of the provisions referred to in paragraph 1.

Article 41

The provisions adopted by the Association Council in accordance with Article 40 shall not affect any rights or obligations arising from bilateral agreements linking the Czech Republic and the Member States where those agreements provide for more favourable treatment of nationals of the Czech Republic or of the Member States.

Article 42

1. Taking into account the labour market situation in the Member State, subject to its legislation and to the respect of rules in force in that Member State in the area of mobility of workers:
 - the existing facilities for access to employment for Czech Republic workers accorded by Member States under bilateral agreements ought to be preserved and if possible improved,
 - the other Member States shall consider favourably the possibility of concluding similar agreements.
2. The Association Council shall examine granting other improvements including facilities of access for professional training, in conformity with rules and procedures in force in the Member States, and taking account of the labour market situation in the Member States and in the Community.

Article 43

During the second stage referred to in Article 7, or earlier if so decided, the Association Council shall examine further ways of improving the movement of workers, taking into account inter alia the social and economic situation in the Czech Republic and the employment situation in the Community. The Association Council shall make recommendations to such end.

Article 44

In the interest of facilitating the restructuring of labour resources resulting from the economic restructuring in the Czech Republic the Community shall provide technical assistance for the establishment of a suitable social security system in the Czech Republic as set out in Article 88.

CHAPTER II Establishment

Article 45

1. The Czech Republic shall, during the transitional periods referred to in Article 7, facilitate the setting up of operations on its territory by Community companies and nationals. To that end, it shall:
 - (i) grant, from entry into force of this Agreement for the establishment of Community companies and nationals a treatment no less favourable than that accorded to its own nationals and companies, save for the sectors and matters referred to in Annexes XVIa and XVIb, where such treatment shall be granted at the latest by the end of the transitional period

referred to in Article 7; and

(ii) grant, from entry into force of this Agreement, in the operation of Community companies and nationals established in the Czech Republic a treatment no less favourable than that accorded to its own companies and nationals;

(iii) notwithstanding the provisions of indents (i) and (ii), the national treatment as described in indents (i) and (ii) shall be applicable for Community nationals establishing in the Czech Republic as self-employed persons only from the start of the sixth year following the entry into force of this Agreement.

2. The Czech Republic shall, during the transitional periods referred to in paragraph 1, not adopt any new regulations or measures which introduce discrimination as regards the establishment and operations of Community companies and nationals in its territory in comparison to its own companies and nationals.

3. Each Member State shall grant, from entry into force of this Agreement, a treatment no less favourable than that accorded to its own companies and nationals for the establishment of Czech Republic companies and nationals and shall grant in the operation of Czech Republic companies and nationals established in its territory a treatment no less favourable than that accorded to its own companies and nationals.

4. For the purposes of this Agreement:

(a) establishment shall mean:

(i) as regards nationals, the right to take up and pursue economic activities as self-employed persons and to set up and manage undertakings, in particular companies, which they effectively control. Self-employment and business undertakings by nationals shall not extend to seeking or taking employment in the labour market of another Party.

The provisions of this chapter do not apply to those who are not exclusively self-employed;

(ii) as regards companies, the right to take up and pursue economic activities by means of the setting up and management of subsidiaries, branches and agencies;

(b) subsidiary of a company shall mean a company which is effectively controlled by the first company;

(c) economic activities shall in particular include activities of an industrial character, activities of a commercial character, activities of craftsmen and activities of the professions.

5. The Association Council shall during the transitional periods referred to in paragraph 1 (i) and (iii) examine regularly the possibility of accelerating the granting of national treatment in the sectors referred to in Annexes XVIa and XVIIb and the inclusion of areas or matters listed in Annex XVIc within the scope of application of the provisions of paragraphs 1, 2 and 3 of this Article. Amendments may be made to these Annexes by decision of the Association Council.

Following the expiration of the transitional periods referred to in paragraph 1 (i) and (iii), the Association Council may exceptionally, upon request of the Czech Republic, and if the necessity arises, decide to prolong the duration of exclusion of certain areas or matters listed in Annexes XVIa and XVIIb for a limited period of time.

6. The provisions concerning establishment and operation of Community and Czech Republic companies and nationals contained in paragraphs 1, 2 and 3 of this Article shall not apply to the areas or matters listed in Annex XVIc.

7. Notwithstanding the provisions of this Article, Community companies established in the territory of the Czech Republic shall have, upon entry into force of this Agreement, where necessary for the conduct of the economic activities for which they are established, the right to acquire, use, rent and sell real property, and as regards natural resources, agricultural land and forestry, the right to lease.

The Czech Republic shall grant these rights, where necessary for the conduct of the economic activities for which they are established, to branches and agencies established in the Czech

Republic of Community companies at the latest by the end of the sixth year following the entry into force of this Agreement.

The Czech Republic shall grant these rights, where necessary for the conduct of the economic activities for which they are established, to Community nationals established in the Czech Republic as self-employed persons at the latest by the end of the transitional period referred to in Article 7.

Article 46

1. Subject to the provisions of Article 45, with the exception of financial services described in Annex XVIa, each Party may regulate the establishment and operation of companies and nationals on its territory, in so far as these regulations do not discriminate against companies and nationals of the other Party, in comparison to its own companies and nationals.

2. In respect of financial services, described in Annex XVIa, this Agreement does not prejudice the right of the Parties to adopt measures necessary for the conduct of the Party's monetary policy, or for prudential grounds in order to ensure the protection of investors, depositors, policy holders, or persons to whom a fiduciary duty is owed, or to ensure the integrity and stability of the financial system. These measures shall not discriminate on grounds of nationality against companies and nationals of the other Party in comparison to its own companies and nationals.

Article 47

In order to make it easier for Community nationals and Czech Republic nationals to take up and pursue regulated professional activities in the Czech Republic and the Community respectively, the Association Council shall examine which steps are necessary to be taken to provide for the mutual recognition of qualifications. It may take all necessary measures to that end.

Article 48

The provisions of Article 46 do not preclude the application by a Contracting Party of particular rules concerning the establishment and operation in its territory of branches and agencies of companies of another Party not incorporated in the territory of the first Party, which are justified by legal or technical differences between such branches and agencies as compared to branches and agencies of companies incorporated in its territory, or, as regards financial services, for prudential reasons. The difference in treatment shall not go beyond what is strictly necessary as a result of such legal or technical differences, or, as regards financial services, described in Annex XVIa, for prudential reasons.

Article 49

1. A 'Community company' and a 'Czech Republic company' respectively shall, for the purpose of this Agreement, mean a company or a firm set up in accordance with the laws of a Member State or of the Czech Republic respectively and having its registered office, central administration, or principal place of business in the territory of the Community or the Czech Republic respectively. However, should the company or firm, set up in accordance with the laws of a Member State or of the Czech Republic respectively, have only its registered office in the territory of the Community or the Czech Republic respectively, its operations must possess a real and continuous link with the economy of one of the Member States or the Czech Republic respectively.

2. With regard to international maritime transport, shall also be beneficiaries of the provisions of this Chapter and Chapter III of this Title, a national or a shipping company of the Member States or of the Czech Republic respectively established outside the Community or the Czech

Republic respectively and controlled by nationals of a Member State, or Czech Republic nationals respectively, if their vessels are registered in that Member State or in the Czech Republic respectively in accordance with their respective legislations.

3. A Community and a Czech Republic national respectively shall, for the purpose of this Agreement, mean a natural person who is a national of one of the Member States or of the Czech Republic respectively.

4. The provisions of this Agreement shall not prejudice the application by each Party of any measure necessary to prevent the circumvention of its measures concerning third country access to its market through the provisions of this Agreement.

Article 50

For the purpose of this Agreement 'financial services' shall mean those activities described in Annex XVIa. The Association Council may extend or modify the scope of Annex XVIa.

Article 51

During the first six years following the date of entry into force of this Agreement, or for the sectors referred to in Annexes XVIa and XVIb, during the transitional period referred to in Article 7, the Czech Republic may introduce measures which derogate from the provisions of this chapter as regards the establishment of Community companies and nationals if certain industries:

- are undergoing restructuring, or
- are facing serious difficulties, particularly where these entail serious social problems in the Czech Republic, or
- face the elimination or a drastic reduction of the total market share held by Czech Republic companies or nationals in a given sector or industry in the Czech Republic, or
- are newly emerging industries in the Czech Republic.

Such measures:

- (i) shall cease to apply at the latest two years after the expiration of the sixth year following the date of entry into force of this Agreement or for the sectors included in Annex XVIa and in Annex XVIb upon the expiration of the transitional period referred to in Article 7; and
- (ii) shall be reasonable and necessary in order to remedy the situation; and
- (iii) shall only relate to establishments in the Czech Republic to be created after the entry into force of such measures and shall not introduce discrimination concerning the operations of Community companies or nationals already established in the Czech Republic at the time of introduction of a given measure compared to Czech Republic companies or nationals.

The Association Council may exceptionally, upon request of the Czech Republic, and if the necessity arises, decide to prolong the periods referred to in point (i) above for a given sector for a limited period of time.

While devising and applying such measures, the Czech Republic shall grant whenever possible to Community companies and nationals a preferential treatment, and in no case a treatment less favourable than that accorded to companies or nationals from any third country. Prior to the introduction of these measures, the Czech Republic shall consult the Association Council and shall not put them into effect before a one-month period following the notification to the Association Council of the concrete measures to be introduced by the Czech Republic, except where the threat of irreparable damage requires the taking of urgent measures in which case the Czech Republic shall consult the Association Council immediately after their introduction.

Upon the expiration of the sixth year following the entry into force of this Agreement, or for the sectors included in Annexes XVIa and XVIb upon expiration of the transitional period referred to in Article 7, the Czech Republic may introduce such measures only with the

authorization of the Association Council and under conditions determined by the latter.

Article 52

1. The provisions of this Chapter shall not apply to air transport services, inland-waterways transport services and maritime cabotage transport services.

2. The Association Council may make recommendations for improving establishment and operations in the areas covered by paragraph 1.

Article 53

1. Notwithstanding the provisions of Chapter I of this Title, the beneficiaries of the rights of establishment granted by the Czech Republic and the Community respectively shall be entitled to employ, or have employed by one of their subsidiaries, in accordance with the legislation in force in the host country of establishment, in the territory of the Czech Republic and the Community respectively, employees who are nationals of Community Member States and the Czech Republic respectively, provided that such employees are key personnel as defined in paragraph 2, and that they are employed exclusively by such beneficiaries or their subsidiaries. The residence and work permits of such employees shall only cover the period of such employment.

2. Key personnel of the beneficiaries of the rights of establishment herein referred to as organization are:

(a) senior employees of an organization who primarily direct the management of the organization, receiving general supervision or direction principally from the board of directors or shareholders of the business, including:

- directing the organization or a department or sub-division of the organization,
- supervising and controlling the work of other supervisory, professional or managerial employees,
- having the authority personally to engage and dismiss or recommend engaging, dismissing or other personnel actions;

(b) persons employed by an organization who possess high or uncommon:

- qualifications referring to a type of work or trade requiring specific technical knowledge,
- knowledge essential to the organization's service, research equipment, techniques or management.

These may include, but are not limited to, members of accredited professions.

Each such employee must have been employed by the organization concerned for at least one year preceding the detachment by the organization.

Article 54

1. The provisions of this Chapter shall be applied subject to limitations justified on grounds of public policy, public security or public health.

2. They shall not apply to activities which in the territory of each Party are connected, even occasionally, with the exercise of official authority.

Article 55

Companies which are controlled and exclusively owned jointly by Czech Republic companies or nationals and Community companies or nationals shall also be beneficiaries of the provisions of this Chapter and Chapter III of this Title.

CHAPTER III Supply of services between the Community and the Czech Republic

Article 56

1. The Parties undertake in accordance with the provisions of this Chapter to take the necessary steps to allow progressively the supply of services by Community or Czech Republic companies or nationals who are established in a Party other than that of the person for whom the services are intended taking into account the development of the services sector in the Parties.
2. In step with the liberalization process mentioned in paragraph 1, and subject to the provisions of Article 59 (1), the Parties shall permit the temporary movement of natural persons providing the service or who are employed by the service provider as key personnel as defined in Article 53 (2), including natural persons who are representatives of a Community or Czech Republic company or national and are seeking temporary entry for the purpose of negotiating for the sale of services or entering into agreements to sell services for that service provider, where those representatives will not be engaged in making direct sales to the general public or in supplying services themselves.
3. The Association Council shall take the measures necessary to implement progressively the provisions of paragraph 1.

Article 57

With regard to supply of transport services between the Community and the Czech Republic, the following replaces the provisions of Article 56:

1. With regard to international maritime transport the Parties undertake to apply effectively the principle of unrestricted access to the market and traffic on a commercial basis.
 - (a) The above provision does not prejudice the rights and obligations under the United Nations Code of Conduct for Liner Conferences, as applied by one or the other Contracting Party to this Agreement. Non-conference liners will be free to operate in competition with a conference as long as they adhere to the principle of fair competition on a commercial basis.
 - (b) The Parties affirm their commitment to a freely competitive environment as being an essential feature of the dry and liquid bulk trade.
2. In applying the principles of paragraph 1, the Parties shall:
 - (a) not introduce cargo sharing clauses in future bilateral agreements with third countries, other than in those exceptional circumstances where liner shipping companies from one or other Party to this Agreement would not otherwise have an effective opportunity to ply for trade to and from the third country concerned;
 - (b) prohibit cargo sharing arrangements in future bilateral agreements concerning dry and liquid bulk trade;
 - (c) abolish, upon entry into force of this Agreement, all unilateral measures, administrative, technical and other obstacles which could have restrictive or discriminatory effects on the free supply of services in international maritime transport.
3. With a view to assuring a coordinated development and progressive liberalization of transport between the Parties adapted to their reciprocal commercial needs, the conditions of mutual market access in air transport and in inland transport shall be dealt with by special transport agreements to be negotiated between the Parties after the entry into force of this Agreement.
4. Prior to the conclusion of the agreements referred to in paragraph 3, the Parties shall not take any measures or actions which are more restrictive or discriminatory as compared to the situation existing on the day preceding the day of entry into force of this Agreement.
5. During the transitional period, the Czech Republic shall progressively adapt its legislation including administrative, technical and other rules to that of the Community legislation existing at any time in the field of air and inland transport in so far as it serves liberalization purposes and mutual access to markets of the Parties and facilitates the movement of passengers and of goods.

6. In step with the common progress in the achievement of the objectives of this Chapter, the Association Council shall examine ways of creating the conditions necessary for improving freedom to provide air and inland transport services.

Article 58

The provisions of Article 54 shall apply to the matters covered by this Chapter.

CHAPTER IV General provisions

Article 59

1. For the purpose of Title IV of this Agreement, nothing in the Agreement shall prevent the Parties from applying their laws and regulations regarding entry and stay, work, labour conditions and establishment of natural persons, and supply of services, provided that, in so doing, they do not apply them in a manner as to nullify or impair the benefits accruing to any Party under the terms of a specific provision of this Agreement. This provision does not prejudice the application of Article 54.

2. The provisions of Chapters, II, III and IV of Title IV shall be adjusted by decision of the Association Council in the light of the result of the negotiations on services taking place in the Uruguay Round and in particular to ensure that under any provision of this Agreement a Party grants to the other Party a treatment no less favourable than that accorded under the provisions of a future General Agreement on Trade and Services (GATS).

3. The exclusion of Community companies and nationals established in the Czech Republic in accordance with the provisions of Chapter II of Title IV from public aid granted by the Czech Republic in the areas of public education services, health related and social services and cultural services shall, for the duration of the transitional period referred to in Article 7, be deemed compatible with the provisions of Title IV and with the competition rules referred to in Title V.

TITLE V PAYMENTS, CAPITAL, COMPETITION AND OTHER ECONOMIC PROVISIONS, APPROXIMATION OF LAWS

CHAPTER I Current payments and movement of capital

Article 60

The Contracting Parties undertake to authorize, in freely convertible currency, any payments on the current account of balance of payments to the extent that the transaction underlying the payments concern movements of goods, services or persons between the Parties which have been liberalized pursuant to this Agreement.

Article 61

1. With regard to transactions on the capital account of balance of payments, from the entry into force of this Agreement, the Member States and the Czech Republic respectively shall ensure the free movement of capital relating to direct investments made in companies formed in accordance with the laws of the host country and investments made in accordance with the provisions of Chapter II of Title IV, and the liquidation or repatriation of these investments and of any profit stemming therefrom. Notwithstanding the above provision, such free movement, liquidation and repatriation shall be ensured by the end of the fifth year following the entry into force of this Agreement for all investments linked to establishment of nationals establishing in the Czech Republic as self-employed persons pursuant to Chapter II of Title IV.

2. Without prejudice to paragraph 1, the Member States, as from the entry into force of this Agreement, and the Czech Republic as from the end of the fifth year following the entry into force of this Agreement, shall not introduce any new foreign exchange restrictions on the movement of capital and current payments connected therewith between residents of the Community and the Czech Republic and shall not make the existing arrangements more restrictive.

3. The Parties shall consult each other with a view to facilitating the movement of capital between the Community and the Czech Republic in order to promote the objectives of this Agreement.

Article 62

1. During the five years following the date of entry into force of this Agreement, the Contracting Parties shall take measures permitting the creation of the necessary conditions for the further gradual application of Community rules on the free movement of capital.

2. By the end of the fifth year from the entry into force of this Agreement, the Association Council shall examine ways of enabling Community rules on the movement of capital to be applied in full.

Article 63

With reference to the provisions of this Chapter, and notwithstanding the provisions of Article 65, until a full convertibility of the Czech Republic currency within the meaning of Article VIII of the International Monetary Fund is introduced, the Czech Republic may in exceptional circumstances apply exchange restrictions connected with the granting or taking up of short- and medium-term credits to the extent that such restrictions are imposed on the Czech Republic for the granting of such credits and are permitted according to the Czech Republic's status under the IMF.

The Czech Republic shall apply these restrictions in a non-discriminatory manner. They shall be applied in such a manner as to cause the least possible disruption to this Agreement. The Czech Republic shall inform the Association Council promptly of the introduction of such measures and of any changes therein.

CHAPTER II Competition and other economic provisions

Article 64

1. The following are incompatible with the proper functioning of the Agreement, in so far as they may affect trade between the Community and the Czech Republic:

- (i) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
- (ii) abuse by one or more undertakings of a dominant position in the territories of the Community or of the Czech Republic as a whole or in a substantial part thereof;
- (iii) any public aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods.

2. Any practices contrary to this Article shall be assessed on the basis of criteria arising from the application of the rules of Articles 85, 86 and 92 of the Treaty establishing the European Economic Community.

3. The Association Council shall, within three years of the entry into force of this Agreement, adopt the necessary rules for the implementation of paragraphs 1 and 2. Until the implementing rules are adopted, practices incompatible with paragraph 1 shall be dealt with by the Contracting Parties on their respective territories according to their respective

legislations. This is without prejudice to paragraph 6.

4. (a) For the purposes of applying the provisions of paragraph 1 (iii), the Parties recognize that during the first five years after the entry into force of this Agreement, any public aid granted by the Czech Republic shall be assessed taking into account the fact that the Czech Republic shall be regarded as an area identical to those areas of the Community described in Article 92 (3) (a) of the Treaty establishing the European Economic Community. The Association Council shall, taking into account the economic situation of the Czech Republic, decide whether that period should be extended by further periods of five years.

(b) Each Party shall ensure transparency in the area of public aid, inter alia by reporting annually to the other Party on the total amount and the distribution of the aid given and by providing, upon request, information on aid schemes. Upon request by one Party, the other Party shall provide information on particular individual cases of public aid.

5. With regard to products referred to in Chapters II and III of Title III:

- the provision of paragraph 1 (iii) does not apply,
- any practices contrary to paragraph 1 (i) should be assessed according to the criteria established by the Community on the basis of Articles 42 and 43 of the Treaty establishing the European Economic Community and in particular of those established in Council Regulation No 26/62.

6. If the Community or the Czech Republic considers that a particular practice is incompatible with the terms of paragraph 1, and:

- is not adequately dealt with under the implementing rules referred to in paragraph 3, or
- in the absence of such rules, and if such practice causes or threatens to cause serious prejudice to the interest of the other Party or material injury to its domestic industry, including its services industry,

it may take appropriate measures after consultation within the Association Council or after 30 working days following referral for such consultation.

In the case of practices incompatible with paragraph 1 (iii), such appropriate measures may, where the General Agreement on Tariffs and Trade applies thereto, only be adopted in accordance with the procedures and under the conditions laid down by the General Agreement on Tariffs and Trade and any other relevant instrument negotiated under its auspices which are applicable between the Parties.

7. Notwithstanding any provisions to the contrary adopted in accordance with paragraph 3, the Parties shall exchange information taking into account the limitations imposed by the requirements of professional and business secrecy.

8. This Article shall not apply to the products covered by the Treaty establishing the European Coal and Steel Community which are the subject of Protocol 2.

Article 65

1. Where one or more Member States of the Community or the Czech Republic is in serious balance of payments difficulties, or under imminent threat thereof, the Community or the Czech Republic, as the case may be, may, in accordance with the conditions established under the General Agreement on Tariffs and Trade, adopt restrictive measures, including measures relating to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The measures shall be progressively relaxed as balance of payments conditions improve and they shall be eliminated when conditions no longer justify their maintenance. The Community or the Czech Republic, as the case may be, shall inform the other Party forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

2. The Parties shall nevertheless endeavour to avoid the imposition of restrictive measures for balance of payments purposes.

3. Any restrictive measures shall not apply to transfers related to investment and in particular to the repatriation of amounts invested or reinvested and of any kind of revenues stemming therefrom.

Article 66

With regard to public undertakings, and undertakings to which special or exclusive rights have been granted, the Association Council shall ensure that as from the third year following the date of entry into force of this Agreement, the principles of the Treaty establishing the European Economic Community, in particular Article 90, and the principles of the concluding document of the April 1990 Bonn meeting of the Conference on Security and Cooperation in Europe, in particular entrepreneurs' freedom of decision, are upheld.

Article 67

1. The Czech Republic shall continue to improve the protection of intellectual, industrial and commercial property rights in order to provide, by the end of the fifth year after the entry into force of this Agreement, a level of protection similar to that existing in the Community, including comparable means of enforcing such rights.

2. Within the same time, the Czech Republic shall apply to accede to the Munich Convention on the granting of European patents of 5 October 1973. The Czech Republic shall also accede to the other multilateral conventions on intellectual, industrial and commercial property rights referred to in Annex XVII paragraph 1 to which Member States are Parties, or which are de facto applied by Member States.

Article 68

1. The Contracting Parties consider the opening up of the award of public contracts on the basis of non-discrimination and reciprocity, in particular in the GATT context, to be a desirable objective.

2. The Czech Republic companies as defined in Article 49, shall be granted access to contract award procedures in the Community pursuant to Community procurement rules under a treatment no less favourable than that accorded to Community companies as of the entry into force of this Agreement.

Community companies as defined in Article 49 shall be granted access to contract award procedures in the Czech Republic under a treatment no less favourable than that accorded to Czech Republic companies at the latest at the end of the transitional period referred to in Article 7.

Community companies established in the Czech Republic under the provisions of Chapter II of Title IV shall have upon entry into force of this Agreement access to contract award procedures under a treatment no less favourable than that accorded to Czech Republic companies.

The Association Council shall periodically examine the possibility for the Czech Republic to introduce access to award procedures in the Czech Republic for all Community companies prior to the end of the transitional period.

3. As regards establishment, operations, supply of services between the Community and the Czech Republic, as well as employment and movement of labour linked to the fulfilment of public contracts, the provisions of Articles 38 to 59 are applicable.

CHAPTER III Approximation of laws

Article 69

The Contracting parties recognize that the major precondition for the Czech Republic's

economic integration into the Community is the approximation of the Czech Republic's existing and future legislation to that of the Community. The Czech Republic shall endeavour to ensure that its legislation will be gradually made compatible with that of the Community.

Article 70

The approximation of laws shall extend to the following areas in particular: customs law, company law, banking law, company accounts and taxes, intellectual property, protection of workers at the workplace, financial services, rules on competition, protection of health and life of humans, animals and plants, consumer protection, indirect taxation, technical rules and standards, nuclear law and regulation, transport and the environment.

Article 71

The Community shall provide the Czech Republic with technical assistance for the implementation of these measures, which may include inter alia:

- the exchange of experts,
- the provision of early information especially on relevant legislation,
- organization of seminars,
- training activities,
- aid for the translation of Community legislation in the relevant sectors.

TITLE VI ECONOMIC COOPERATION

Article 72

1. The Community and the Czech Republic shall establish economic cooperation aimed at contributing to the Czech Republic's development and growth potential. Such cooperation shall strengthen existing economic links on the widest possible foundation, to the benefit of both Parties.
2. Policies and other measures will be designed to bring about economic and social development of the Czech Republic and will be guided by the principle of sustainable development. These policies should ensure that environmental considerations are also fully incorporated from the outset and that they are linked to the requirements of harmonious social development.
3. To this end the cooperation should focus in particular on policies and measures related to industry including the mining sector, investment, agriculture, energy, transport, regional development and tourism.
4. Special attention must be devoted to measures capable of fostering cooperation between the countries of central and eastern Europe with a view to a harmonious development of the region.

Article 73

Industrial cooperation

1. Cooperation shall aim at promoting the modernization and restructuring of Czech Republic industry in both public and private sectors as well as industrial cooperation between economic operators of both sides, with the particular objective of strengthening the private sector.
2. Particular attention shall be paid to:
 - the restructuring of individual sectors; in this context, the Association Council will examine in particular the problems affecting the sectors of coal and steel and the conversion of the defence industry,
 - the establishment of new undertakings in areas offering potential for growth.
3. Industrial cooperation initiatives take into account priorities determined by the Czech

Republic. The initiatives should seek in particular to establish a suitable framework for undertakings, to improve management know-how and to promote transparency as regards markets and conditions for undertakings, and will include technical assistance where appropriate.

Article 74

Investment promotion and protection

1. Cooperation shall aim to establish a favourable climate for private investment, both domestic and foreign, which is essential to economic and industrial reconstruction in the Czech Republic.

2. The particular aims of cooperation shall be:

- to improve the institutional framework for investments in the Czech Republic,
- the extension by the Member States and the Czech Republic of agreements for the promotion and protection of investment,
- to implement suitable arrangements for the transfer of capital,
- to proceed with deregulation and to improve economic infrastructure,
- to exchange information on investment opportunities in the form of trade fairs, exhibitions, trade weeks and other events.

Article 75

Industrial standards and conformity assessment

1. The Parties shall cooperate with the aim to achieve the Czech Republic's full conformity with Community technical regulations and European standardization and conformity assessment procedures.

2. To this end, the cooperation shall seek:

- to promote the use of Community technical regulations and European standards and conformity assessment procedures,
- where appropriate, to achieve the conclusion of agreements on mutual recognition in these fields,
- to encourage the Czech Republic's participation in the work of specialized organizations (CEN, Cenelec, ETSI, EOTC).

3. The Community will provide the Czech Republic with technical assistance where appropriate.

Article 76

Cooperation in science and technology

1. The Parties shall promote cooperation in research and technological development. They shall devote special attention to the following:

- the exchange of information on each other's science and technology policies,
- the organization of joint scientific meetings (seminars and workshops),
- joint R& D activities aimed at encouraging scientific progress and the transfer of technology and know-how,
- training activities and mobility programmes for researchers and specialists from both sides,
- the development of an environment conducive to research and the application of new technologies and adequate protection of the intellectual property of the results of research,
- participation of the Czech Republic in the Community programmes in accordance with paragraph 3.

Technical assistance shall be provided where appropriate.

2. The Association Council shall determine the appropriate procedures for developing cooperation.

3. Cooperation under the Community's framework programme in the field of research and technological development shall be implemented according to specific arrangements to be negotiated and concluded in accordance with the legal procedures of each Party.

Article 77

Education and training

1. The Parties shall cooperate with the aim of raising the level of general education and professional qualifications in the Czech Republic, taking into consideration the priorities of the Czech Republic. Institutional frameworks and plans of cooperation will be established building on the European Training Foundation and the Tempus programme. Participation of the Czech Republic in other Community programmes could also be considered in this context.

2. The cooperation shall focus in particular on the following areas and according to modalities to be determined jointly by the Parties:

- reform of the education and training system in the Czech Republic,
- initial training, in-service training and retraining, including the training of public and private sector executives and senior civil servants, particularly in priority areas to be determined,
- cooperation between universities, cooperation between universities and firms, and mobility for teachers, students, administrators and young people,
- promoting teaching in the field of European studies within the appropriate institutions,
- mutual recognition of periods of studies and diplomas.

3. In the field of translation, cooperation will focus on training of translators and interpreters and promotion of Community linguistic norms and terminology.

Article 78

Agriculture and the agro-industrial sector

1. Cooperation in this area shall have as its aim the modernization of agriculture and the agro-industrial sector. It shall endeavour in particular to:

- develop private farms and distribution channels, methods of storage, marketing, etc.,
- modernize the rural infrastructure (transport, water supply, telecommunications),
- land-use planning, including construction and urban planning,
- improve productivity and quality by using appropriate methods and products; provide training and monitoring in the use of anti-pollution methods connected with inputs,
- develop and modernize processing firms and their marketing techniques,
- promote complementarity in agriculture,
- promote industrial cooperation in agriculture and the exchange of know-how, particularly between the private sectors in the Community and the Czech Republic,
- develop cooperation on animal health and plant health with the aim of bringing about gradual harmonization with Community standards through assistance for training and the organization of checks.

2. To these ends, technical assistance shall be provided by the Community as appropriate.

Article 79

Energy

1. Within the principles of the market economy, the Parties shall cooperate to develop the progressive integration of the energy markets of the Czech Republic and the Community. They shall pay particular attention to the Community's proposals for a European energy charter and the parallel integration of such markets with the other countries of central and eastern Europe.

2. The cooperation shall include among others technical assistance when appropriate in the following areas:

- formulation and planning of energy policy both at national and regional level,
- opening up the energy market to a greater degree, including facilitating transit of gas and electricity,
- study of the modernization of energy infrastructures,
- improvement of distribution as well as improvement and diversification of supply,
- management and training for the energy sector,
- the development of energy resources,
- the promotion of energy saving and energy efficiency,
- the environmental impact of energy production and consumption,
- the nuclear energy sector,
- the electricity and gas sectors, including the consideration of the possibility of the interconnection of the supply networks,
- the formulation of framework conditions for cooperation between undertakings in this sector, which could include the encouragement of joint ventures,
- the transfer of technology and know-how, which may include if appropriate the promotion and commercialization of efficient energy technologies.

Article 80

Nuclear safety

1. The aim of cooperation is to provide for a safer use of nuclear energy.
2. Cooperation shall mainly cover the following topics:
 - nuclear safety, nuclear emergency preparedness and management,
 - radiation protection, including environmental radiation monitoring,
 - fuel cycle problems, safeguarding of nuclear materials,
 - radioactive waste management,
 - decommissioning and dismantling of nuclear installations,
 - decontamination.
3. Cooperation will include exchange of information and experience and R& D activities in accordance with Article 76.

Article 81

Environment

1. The Parties shall develop and strengthen their cooperation on environment and human health, which they have judged to be a priority.
2. Cooperation shall concern:
 - effective monitoring of pollution levels; systems of information on the state of the environment,
 - combating regional and transboundary air pollution,
 - sustainable, efficient and environmentally effective use and production of energy; safety of industrial plants; development of relevant technologies and production processes,
 - classification and safe handling of chemicals,
 - effective prevention and reduction of water pollution, especially of sources of drinking water and transboundary watercourses,
 - waste reduction, recycling and safe disposal (including radioactive wastes),
 - the environmental impact of agriculture; soil erosion; the protection of forests and flora and fauna; restoring ecological stability of the countryside,
 - land-use planning, including construction and urban planning,
 - use of economic and fiscal instruments,
 - global climate change and its prevention,
 - environmental education and awareness,

- international conventions in the area of environment.

3. Cooperation shall take place through:

- exchange of information and experts, including information and experts dealing with the transfer of clean technologies; development of information systems on environment,
- training programmes,
- joint research activities,
- approximation of laws (Community standards),
- cooperation at regional level (including cooperation within the framework of the European Environment Agency, when established by the Community) and at international level,
- development of strategies, particularly with regard to global and climatic issues.

Article 82

Transport

1. The Parties shall develop and step up cooperation in order to enable the Czech Republic to:

- restructure and modernize transport,
- improve circulation of passengers and goods and the access to the transport market by removing administrative, technical and other obstacles,
- facilitate Community transit in the Czech Republic by road, rail, river and combined transport,
- achieve operating standards comparable to those in the Community.

2. The cooperation shall include the following in particular:

- economic, legal and technical training programmes,
- the provision of technical assistance and advice, and the exchange of information,
- the provision of means to develop infrastructure in the Czech Republic.

3. The cooperation shall include the following priority areas:

- the construction and modernization of road transport, including the gradual easing of transit conditions,
- the management of railways and airports, including cooperation between the appropriate national authorities,
- the modernization, on major routes of common interest and trans-European links, of road, inland waterway, railway, port and airport infrastructure,
- land-use planning including construction and urban planning,
- the promotion of road-rail transport containerization, transshipment and the construction of terminals,
- the replacement of transport technical equipment in order to meet Community standards,
- the promotion of joint technological and research programmes in accordance with Article 76,
- the development of legislative measures and the implementation of policies in all areas of transportation, compatible with the transport policies applicable in the Community.

Article 83

Telecommunications

1. The Parties shall expand and strengthen cooperation in this area, and shall to this end initiate in particular the following actions:

- exchange information on telecommunications policies,
- exchange technical and other information and organize seminars, workshops and conferences for experts of both sides,
- conduct training and advisory operations,
- carry out transfers of technology,
- have the appropriate bodies from both sides carry out joint projects,

- promote European standards, systems of certification and regulatory approaches,
- promote new communications, services and facilities, particularly those with commercial applications.

2. These activities shall focus on the following priority areas:

- the modernization of the Czech Republic's telecommunications network and its integration into European and world networks,
- cooperation within the structures of European standardization,
- the integration of trans-European systems; the legal and regulatory aspects of telecommunications,
- the management of telecommunications in the new economic environment: organizational structures, strategy and planning, purchasing principles,
- land-use planning, construction and urban planning.

Article 84

Banking, insurance, other financial services and audit cooperation

1. The Parties shall cooperate with the aim of establishing and developing a suitable framework for the encouragement of banking, insurance and financial services sector in the Czech Republic.

(a) The cooperation shall focus on:

- the adoption of a common accounting system compatible with European standards,
- the strengthening and restructuring of the banking and financial sectors,
- the improvement of supervision and regulation of banking and financial services,
- the preparation of translations of Community and Czech Republic legislation,
- the preparation of glossaries of terminology,
- the exchange of information in particular in respect of proposed legislation.

(b) To this end, the cooperation shall include the provision of technical assistance and training.

2. The Parties shall cooperate with aim of developing efficient audit systems in the Czech Republic following standard Community methods and proceedings.

(a) Cooperation shall focus on:

- the establishment in the Czech Republic of an independent Supreme Audit Office,
- the establishment of internal audit units in government agencies,
- the exchange of relevant audit information,
- the uniformization of audit documentation,
- training and advisory operations.

(b) To this end, technical assistance shall be provided by the Community as appropriate.

Article 85

Monetary policy

At the request of the Czech Republic authorities, the Community shall provide technical assistance designed to support the efforts of the Czech Republic towards the introduction of full convertibility of the crown and the gradual approximation of its policies to those of the European Monetary System. This will include informal exchange of information concerning the principles and the functioning of the European Monetary System.

Article 86

Money laundering

1. The Parties agree on the necessity of making every effort and cooperating in order to prevent the use of their financial systems for laundering of proceeds from criminal activities in general and drug offences in particular.

2. Cooperation in this area shall include administrative and technical assistance with the purpose of establishing suitable standards against money laundering equivalent to those adopted by the community and international fora in this field, in particular the Financial Action Task Force (FATF).

Article 87

Regional development

1. The Parties shall strengthen cooperation between them on regional development and land-use.

2. To this end, any of the following measures may be undertaken:

- the exchange of information by national, regional or local authorities on regional and land-use planning policy,
- the provision of assistance to the Czech Republic for the formulation of such policy,
- joint action by regional and local authorities in the area of economic development,
- the study of coordinated approaches for the development of border areas between the Community and the Czech Republic and other Czech Republic areas with severe regional disparities;
- exchange visits to explore the opportunities for cooperation and assistance,
- the exchange of civil servants or experts,
- the provision of technical assistance,
- the establishment of programmes for the exchange of information and experience, by methods including seminars.

Article 88

Social cooperation

1. With regard to health and safety, the Parties shall develop cooperation between them with the aim of improving the level of protection of the health and safety of workers, taking as a reference the level of protection existing in the Community. Cooperation shall comprise the following in particular:

- the provision of technical assistance,
- the exchange of experts,
- cooperation between firms,
- the exchange of information and administrative and other relevant assistance to firms, training operations.

2. With regard to employment, cooperation between the Parties shall focus notably on upgrading job-finding and careers-advice services, providing back-up measures and promoting local development to assist industrial restructuring.

It shall also include measures such as the performance of studies, provision of the services of experts and information and training.

3. With regard to social security, cooperation between the Parties shall seek to adapt the social security systems to the new economic and social situation, primarily by providing the services of experts and information and training.

Article 89

Tourism

The Parties shall increase and develop cooperation between them, which shall include:

- facilitating the tourist trade,
- increasing the flow of information through international networks, data banks, etc.,
- transferring know-how through training, exchanges, seminars,
- executing regional tourist projects such as cross-frontier projects, town-twinning, etc.,

- exchanging views and providing for appropriate exchanges of information on major issues of mutual interest affecting the tourism sector,
- encouraging the development of infrastructure conducive to investment in the tourism sector.

Article 90

Small and medium-sized enterprises

1. The Parties shall aim to develop and strengthen private sector small and medium-sized enterprises and cooperation between SMEs in the Community and the Czech Republic.
2. They shall encourage the exchange of information and know-how in the following areas:
 - bringing about the legal, administrative, technical, tax and financial conditions necessary for the establishment and expansion of SMEs and for cross-border cooperation,
 - the provision of the specialized services required by SMEs (management training, accounting, marketing, quality control, etc.) and the strengthening of agencies providing such services,
 - the establishment of appropriate links with Community operators with the aim of improving the flow of information to SMEs and promoting cross-border cooperation (e.g. the Business Cooperation Network (BC-NET), Euro-Info Centres, conferences, etc.).
3. The cooperation will include the provision of technical assistance in particular for the establishment of appropriate institutional support for SMEs, at national and regional level, in respect of financial, training, advisory, technological and commercial services.

Article 91

Information and communication

With regard to information and communication, the Community and the Czech Republic shall take appropriate steps to stimulate effective mutual exchange of information. Priority shall be given to programmes aimed at providing the general public with basic information about the Community and specific circles in the Czech Republic with more specialized information, including, where possible, access to Community databases.

Article 92

Consumer protection

1. The Parties shall cooperate with the aim of achieving full compatibility of the Czech Republic with the Community consumer protection system.
2. To this end, the cooperation shall comprise, within existing possibilities:
 - exchange of information and experts,
 - access to Community databases,
 - training operations and technical assistance.

Article 93

Customs

1. The aim of cooperation shall be to guarantee compliance with all the provisions scheduled for adoption in connection with trade and to achieve the approximation of the Czech Republic's customs system to that of the Community, thus helping to ease the steps towards liberalization planned under this Agreement.
2. Cooperation shall include the following in particular:
 - the exchange of information,
 - the development of cross-frontier infrastructure between the Parties,
 - the interconnection between the transit systems of the Community and the Czech Republic,
 - the simplification of inspections and formalities in respect of the carriage of goods,

- the organization of seminars and placements.

Technical assistance shall be provided where appropriate.

3. Without prejudice to further cooperation provided for in this Agreement, and in particular Article 96, the mutual assistance between administrative authorities in customs matters of the Contracting Parties shall take place in accordance with the provisions of Protocol 6.

Article 94

Statistical cooperation

1. Cooperation in this area shall have as its aim the development of an efficient statistical system to provide, in a rapid and timely fashion, the reliable statistics needed to plan and monitor the process of reform and to contribute to the development of private enterprise in the Czech Republic.

2. The Parties shall cooperate in particular:

- to strengthen the service of statistics of the Czech Republic,
- to bring about harmonization with international (and particularly Community) methods, standards and classifications,
- to provide the data needed to maintain and monitor economic reform,
- to provide private-sector economic operators with the appropriate macro-economic and micro-economic data,
- to guarantee the confidentiality of data,
- to exchange statistical information.

3. Technical assistance shall be provided by the Community as appropriate.

Article 95

Economics

1. The Community and the Czech Republic will facilitate the process of economic reforms and integration by cooperating to improve understanding of the fundamentals of their respective economies and of implementing economic policy in market economies.

2. To these ends the Community and the Czech Republic will:

- exchange information on macro-economic performance and prospects and on strategies for development where appropriate,
- analyse jointly economic issues of mutual interest, including the framing of economic policy and the instruments for implementing it,
- through the programme of Action for Cooperation in Economics in particular, encourage extensive cooperation among economists and managers in the Community and the Czech Republic, in order to speed the transfer of know-how for the drafting of economic policies, and provide for wide dissemination of the results of policy-relevant research.

Article 96

Drugs

1. The cooperation is in particular aimed at increasing the efficiency of policies and measures to counter the supply and illicit traffic of narcotics and psychotropic substances and the reduction of abuse of these products.

2. The Contracting Parties shall agree on the necessary methods of cooperation to attain these objectives, including the modalities of the implementation of common actions. Their actions will be based on consultation on a close coordination of the objectives and the policy measures in the fields targeted in paragraph 1.

3. The cooperation between the Contracting Parties will comprise technical and administrative assistance which could deal in particular with the following areas: the drafting and implementation of national legislation; the creation of institutions and information centres and

of social and health centres; the training of personnel and research; the prevention of diversion of precursors used for the purpose of illicit manufacture of narcotic drugs or psychotropic substances.

The Parties may agree to include other areas.

TITLE VII CULTURAL COOPERATION

Article 97

1. The Parties undertake to promote cultural cooperation. Where appropriate, Community's cultural cooperation programmes, or those of one or more Member States may be extended to the Czech Republic and further activities of interest to both sides developed.

This cooperation may notably cover:

- literary translation,
- conservation and restoration of monuments and sites (architectural and cultural heritage),
- training for those dealing with cultural affairs,
- the organization of European-oriented cultural events.

2. The Parties shall cooperate in the promotion of the audiovisual industry in Europe. The audiovisual sector in the Czech Republic could in particular participate in activities set up by the Community in the MEDIA programme for 1991 to 1995 in accordance with the procedures laid down by the bodies responsible for managing each activity and in accordance with the provisions of the Decision of the Council of the European Communities of 21 December 1990, which established the programme.

The Parties shall coordinate, and where appropriate, harmonize, their policies regarding the regulation of cross-border broadcasts, technical standards and the promotion of European audiovisual technology.

TITLE VIII FINANCIAL COOPERATION

Article 98

In order to achieve the objectives of this Agreement and in accordance with Articles 99, 100, 102 and 103, without prejudice to Article 101, the Czech Republic shall benefit from temporary financial assistance from the Community in the form of grants and loans, including loans from the European Investment Bank according to the provisions of Article 18 of the Statute of the Bank.

Article 99

This financial assistance shall be covered by:

- the operation Phare measures provided for in Council Regulation (EEC) No 3906/89, as amended, for as long as they are applicable; thereafter grants will be made available by the Community, either within the framework of the operation Phare on a multiannual basis, or within a new financial multiannual framework established by the Community following consultations with the Czech Republic and taking into account the considerations set out in Articles 102 and 103,
- the loan(s) provided by the European Investment Bank until the expiry date of the availability thereof; following consultations with the Czech Republic the Community shall fix the maximum amount and period of availability of loans from the European Investment Bank for the Czech Republic for subsequent years.

Article 100

The objectives and the areas of the Community's financial assistance shall be laid down in an

indicative programme to be agreed between the two Parties. The Parties shall inform the Association Council.

Article 101

1. The Community shall, in case of special need, taking into account the availability of all financial resources, on request of the Czech Republic and in coordination with international financial institutions, in the context of the G-24, examine the possibility of granting temporary financial assistance:

- to support measures with the aim to introduce and maintain the convertibility of the Czech Republic currency,
- to support medium-term stabilization and structural adjustment efforts, including balance of payments assistance.

2. This financial assistance is subject to the Czech Republic's presentation of IMF supported programmes in the context of G-24, as appropriate, for convertibility and/or for restructuring its economy, to the Community's acceptance thereof, to the Czech Republic's continued adherence to these programmes and, as an ultimate objective, to rapid transition to reliance on finance from private sources.

3. The Association Council will be informed of the conditions under which this assistance will be provided and of the respect of the obligations undertaken by the Czech Republic concerning such assistance.

Article 102

The Community financial assistance shall be evaluated in the light of the needs which arise and of the Czech Republic's development level, and taking into account established priorities and the absorption capacity of the Czech Republic economy, the ability to repay loans and accomplishment of a market economy system and restructuring in the Czech Republic.

Article 103

In order to permit optimum use of the resources available, the Contracting Parties shall ensure that Community contributions are made in close coordination with those from other sources such as the Member States, other countries, including the G-24, and international financial institutions, such as the International Monetary Fund, the International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

TITLE IX INSTITUTIONAL, GENERAL AND FINAL PROVISIONS

Article 104

An Association Council is hereby established which shall supervise the implementation of this Agreement. It shall meet at ministerial level once a year and when circumstances require. It shall examine any major issues arising within the framework of this Agreement and any other bilateral or international issues of mutual interest.

Article 105

1. The Association Council shall consist of the members of the Council of the European Communities and members of the Commission of the European Communities, on the one hand, and of members appointed by the Government of the Czech Republic, on the other.

2. Members of the Association Council may arrange to be represented, in accordance with the conditions to be laid down in its rules of procedure.

3. The Association Council shall establish its rules of procedure.

4. The Association Council shall be presided in turn by a member of the Council of the European Communities and a member of the Government of the Czech Republic, in accordance with the provisions to be laid down in its rules of procedure.
5. Where appropriate, the European Investment Bank will take part, as an observer, in the work of the Association Council.

Article 106

The Association Council shall, for the purpose of attaining the objectives of this Agreement, have the power to take decisions in the cases provided for therein. The decisions taken shall be binding on the Parties which shall take the measures necessary to implement the decisions taken. The Association Council may also make appropriate recommendations. It shall draw up its decisions and recommendations by agreement between the two Parties.

Article 107

1. Each of the two Parties may refer to the Association Council any dispute relating to the application or interpretation of the Agreement.
2. The Association Council may settle the dispute by means of a decision.
3. Each Party shall be bound to take the measures involved in carrying out the decision referred to in paragraph 2.
4. In the event of it not being possible to settle the dispute in accordance with paragraph 2, either Party may notify the other of the appointment of an arbitrator; the other Party must then appoint a second arbitrator within two months. For the application of this procedure, the Community and the Member States shall be deemed to be one Party to the dispute. The Association Council shall appoint a third arbitrator. The arbitrators' decisions shall be taken by majority vote. Each Party to the dispute must take the steps required to implement the decision of the arbitrators.

Article 108

1. The Association Council shall be assisted in the performance of its duties by an Association Committee composed of representatives of the members of the Council of the European Communities and of members of the Commission of the European Communities on the one hand and of representatives of the Government of the Czech Republic on the other, normally at senior civil servant level. In its rules of procedure the Association Council shall determine the duties of the Association Committee, which shall include the preparation of meetings of the Association Council and how the Committee shall function.
2. The Association Council may delegate to the Association Committee any of its powers. In this event the Association Committee shall take its decisions in accordance with the conditions laid down in Article 106.

Article 109

The Association Council may decide to set up any other special committee or body that can assist it in carrying out its duties. In its rules of procedure, the Association Council shall determine the composition and duties of such committees or bodies and how they shall function.

Article 110

An Association Parliamentary Committee is hereby established. It shall be a forum for members of the Czech Republic Parliament and the European Parliament to meet and

exchange views. It shall meet at intervals which it shall itself determine.

Article 111

1. The Association Parliamentary Committee shall consist of members of the European Parliament, on the one hand, and of members of the Czech Republic Parliament, on the other.
2. The Association Parliamentary Committee shall establish its rules of procedure.
3. The Association Parliamentary Committee shall be presided each in turn by the European Parliament and the Czech Republic Parliament, in accordance with the provisions to be laid down in its rules of procedure.

Article 112

The Association Parliamentary Committee may request relevant information regarding the implementation of this Agreement from the Association Council, which shall then supply the Committee with the requested information.

The Association Parliamentary Committee shall be informed of the decisions of the Association Council.

The Association Parliamentary Committee may make recommendations to the Association Council.

Article 113

Within the scope of this Agreement, each Party undertakes to ensure that natural and legal persons of the other Party have access free of discrimination in relation to its own nationals to the competent courts and administrative organs of the Parties to defend their individual rights and their property rights, including those concerning intellectual, industrial and commercial property.

Article 114

Nothing in this Agreement shall prevent a Contracting Party from taking any measures:

- (a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;
- (b) which relate to the production of, or trade in, arms, munitions or war materials or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;
- (c) which it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension constituting threat of war or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

Article 115

1. In the fields covered by this Agreement and without prejudice to any special provisions contained therein:

- the arrangements applied by the Czech Republic in respect of the Community shall not give rise to any discrimination between the Member States, their nationals, or their companies or firms,
- the arrangements applied by the Community in respect of the Czech Republic shall not give rise to any discrimination between Czech Republic nationals or its companies or firms.

2. The provisions of paragraph 1 are without prejudice to the right of the Contracting Parties to apply the relevant provisions of their fiscal legislation to taxpayers who are not in identical situations as regards their place of residence.

Article 116

Products originating in the Czech Republic shall not enjoy more favourable treatment when imported into the Community than that applied by Member States among themselves. The treatment granted to the Czech Republic under Title IV and Chapter I of Title V shall not be more favourable than that accorded by Member States among themselves.

Article 117

1. The Parties shall take any general or specific measures required to fulfil their obligations under this Agreement. They shall see to it that the objectives set out in this Agreement are attained.

2. If either Party considers that the other Party has failed to fulfil an obligation under this Agreement, it may take appropriate measures. Before so doing, except in cases of special urgency, it shall supply the Association Council with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

In the selection of measures, priority must be given to those which least disturb the functioning of this Agreement. These measures shall be notified immediately to the Association Council and shall be the subject of consultations within the Association Council if the other Party so requests.

Article 118

This Agreement shall not, until equivalent rights for individuals and economic operators have been achieved under this Agreement, affect rights assured to them through existing agreements binding one or more Member States, on the one hand, and the Czech Republic, on the other.

Article 119

Protocols 1, 2, 3, 4, 5, 6, 7 and 8 and Annexes I to XVII shall form an integral part of this Agreement.

Article 120

This Agreement is concluded for an unlimited period.

Either Party may denounce this Agreement by notifying the other Party. This Agreement shall cease to apply six months after the date of such notification.

Article 121

This Agreement shall apply, on the one hand, to the territories in which the Treaties establishing the European Economic Community, the European Atomic Energy Community, and the European Coal and Steel Community are applied and under the conditions laid down in those Treaties and, on the other hand, to the territory of the Czech Republic.

Article 122

This Agreement is drawn up in duplicate in the Danish, Dutch, English, French, German, Italian, Spanish, Greek, Portuguese and Czech languages, each of these texts being equally authentic.

Article 123

This Agreement will be approved by the Contracting Parties in accordance with their own procedures.

This Agreement shall enter into force on the first day of the second month following the date on which the Contracting Parties notify each other that the procedures referred to in the first paragraph have been completed.

Upon its entry into force, this Agreement shall replace the Agreement between the European Economic Community, the European Atomic Energy Community and the Czech and Slovak Federal Republic on trade, economic and commercial cooperation signed in Brussels on 7 May 1990, and the Protocol between the European Coal and Steel Community and the Czech and Slovak Federal Republic initialled in Brussels on 28 June 1991, before the entry into force hereof.

Article 124

1. In view of the fact that provisions equivalent to those of certain parts of the Agreement and thus of the Europe Agreement signed between the Community and its Member States on 16 December 1991 and the Czech and Slovak Federal Republic, in particular those relating to the movements of goods, were put into effect since 1 March 1992 by means of an Interim Agreement on trade and trade related measures between the Community and the Czech and Slovak Federal Republic signed on 16 December 1991, as amended by the Supplementary Protocols between the Community and each of the Czech Republic and the Slovak Republic, the Parties agree that in such circumstances for the purposes of Title III, Articles 64, 66 and 67 of the Agreement and Protocols 1 (with the exception of its Article 3), 2, 3, 4 and 5 and 6, 'date of entry into force of the Agreement' shall mean:

- 1 March 1992 in relation to obligations taking effect on the date of entry into force of the Agreement, and

- 1 January 1992 in relation to obligations taking effect after the date of entry into force by reference to the date of entry into force.

2. In the case of entry into force of the Agreement after 1 January in any year, the provisions of Protocol 7 shall apply.

En fe de lo cual, los plenipotenciarios abajo firmantes suscriben el presente Acuerdo.

Til bekræftelse heraf har undertegnede befuldmægtigede underskrevet denne aftale.

Zu Urkund dessen haben die unterzeichneten Bevollmächtigten ihre Unterschriften unter dieses Abkommen gesetzt.

Áéò ðβóòùóç òùí áíùòÝñù, íé ððíããññáííÝííé ðεçñññýóéíé Ýèáóái ðéò ððíãññáòÝò ðíðò óôçí ðáññýóá óðíòùíβá.

In witness whereof the undersigned Plenipotentiaries have signed this Agreement.

En foi de quoi, les plénipotentiaires soussignés ont apposé leurs signatures au bas du présent accord.

In fede di che, i plenipotenziari sottoscritti hanno apposto le loro firme in calce al presente accordo.

Ten blijke waarvan de ondergetekende gevolmachtigden hun handtekening onder deze Overeenkomst hebben gesteld.

Em fé do que, os plenipotenciários abaixo assinados apuseram as suas assinaturas no final do presente acordo.

Na d°ukaz Oceho Oz ni Oze podepsaní zplnomocn Oeni zástupci podepsali tuto dohodu.

Hecho en Luxemburgo, el cuatro de octubre de mil novecientos noventa y tres.

Udfærdiget i Luxembourg, den fjerde oktober nitten hundrede og treoghalvfems.

Geschehen zu Luxemburg am vierten Oktober neunzehnhundertdreißundneunzig.

,áéíá óôí Èíðíáíáíýññáí, óóéò ðÝóóáñéò Ìêòùáñβíð ÷βééá áííéáêùóéá áííáíPíóá ðñβá.

Done at Luxembourg on the fourth day of October in the year one thousand nine hundred and ninety-three.

Fait à Luxembourg, le quatre octobre mil neuf cent quatre-vingt-treize.
Fatto a Lussemburgo, addì quattro ottobre millenovecentonovantatré.
Gedaan te Luxemburg, de vierde oktober negentienhonderd drieënnegentig.
Feito em Luxemburgo, em quatro de Outubro de mil novecentos e noventa e três.
Dáno v Lucemburku Octvrtého ódne m Oesíce Orijna roku tisíc dev Oet set devadesát t Ori.
Pour le Royaume de Belgique
Voor het Koninkrijk België
>REFERENCE TO A FILM>
På Kongeriget Danmarks vegne
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Für die Bundesrepublik Deutschland
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Por el Reino de España
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Pour la République française
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For Ireland
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Per la Repubblica italiana
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Pour le Grand-Duché de Luxembourg
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Voor het Koninkrijk der Nederlanden
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Pela República Portuguesa
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For the United Kingdom of Great Britain and Northern Ireland
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Por el Consejo y la Comisión de las Comunidades Europeas
For Rådet og Kommissionen for De Europæiske Fællesskaber
Für den Rat und die Kommission der Europäischen Gemeinschaften
Ãéá ôî Ôðîârýëéí éáé ôçí Ãðéôññð òùí Ãðñùðáúëþí ÊîéíðÞòùí
For the Council and the Commission of the European Communities
Pour le Conseil et la Commission des Communautés européennes
Per il Consiglio e la Commissione delle Comunità europee
Voor de Raad en de Commissie van de Europese Gemeenschappen
Pelo Conselho e pela Comissão das Comunidades Europeias
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Za OCeskou republiku
>REFERENCE TO A FILM>

LIST OF ANNEXES

>TABLE POSITION>

ANNEX I

List of products referred to in Articles 9 and 19 of the Agreement
>TABLE POSITION>

ANNEX II

List of products referred to in Article 10 (2)
CN code 1993
7202 21 10
7202 21 90
7202 29 00

ANNEX III

List of products referred to in Article 10 (3)
>TABLE POSITION>

ANNEX IV

List of products referred to in Article 11 (1)
2501 00
2513 21
2520 20
2522 10
2522 20
2522 30
2703 00
2707 10
2707 20
2707 30
2707 40
2707 50
2707 60
2707 91
2711 12
2711 13
2711 14
2711 19
2712 90
2713 90
2713 90
2715 00

2803 00
2804 80
2806 10
2809 20
2811 21
2811 29
2816 10
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2818 20
2818 30
2822 00
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ANNEX V

List of products referred to in Article 11 (2)

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ANNEX VI

List of products referred to in Article 11 (3)

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7012 00
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7225 10
7225 30
7228 80
7301 10
7301 20
7302 10
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7302 90
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7313 00
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7325 10
7325 91
7325 99
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7326 19
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7415 10
7415 21
7415 31
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7417 00
7418 10
7418 20
7419 91
7419 99
7504 00
7508 00
7603 10
7603 20
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7806 00
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7904 00
7905 00
7907 10
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8005 20
8006 00
8215 10
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8215 91
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8436 21
8452 40
8465 96
8465 99
8506 11
8518 22
8519 10
8522 90
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8535 30
8535 40
8535 90
8536 10
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8536 69
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8539 31
8546 20
8702 10

8703 21 90
8703 22 90
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8703 24 90
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9023 00
9024 10
9024 80
9029 10
9201 10
9201 20
9201 90
9403 30
9403 40
9403 50
9403 60

ANNEX VII

List of products referred to in Article 11 (4) (New cars)

8703 21 10
8703 22 11
8703 22 19
8703 23 11
8703 23 19
8703 24 10
8703 31 10
8703 32 11
8703 32 19
8703 33 11
8703 33 19

ANNEX VIII

List of import licensing items

>TABLE POSITION>

ANNEX IX

List of export licensing items (1)

>TABLE POSITION>

>TABLE POSITION>

(1) The licences are intended for monitoring exports. Any restriction on grounds of difficulties in the Czech Republic market for a listed product shall be introduced by an ad hoc decision of the Czech Republic, of which the Community shall be informed immediately.

ANNEX X

>TABLE POSITION>

ANNEX XIa

List of products referred to in Article 21 (2) (1)

The products listed in this Annex will be subject to a levy reduction of 50 %

The quantities in tonnes set out for Year 3 shall be applicable from 1 July 1993 to 30 June 1994. The amounts imported prior to 1 July 1993 in excess of 50 % of the amount for Year 2 shall be deducted from the amount applicable for Year 3.

The quantities in tonnes set out for Year 4 and 5 respectively shall be applicable from 1 July 1994 to 30 June 1995 and from 1 July 1995 to 30 June 1996 respectively.

>TABLE POSITION>

(1) Notwithstanding the rules for the interpretation of the combined nomenclature, the wording for the description of the products is to be considered as having no more than an indicative value, the preferential scheme being determined, within the context of this Annex, by the coverage of the CN codes. Where ex CN codes are indicated the preferential scheme is to be determined by application of the CN code and corresponding description taken together.

ANNEX XIb

>TABLE POSITION>

Annex to Annex XIb Minimum import price arrangement for certain soft fruit for processing
1. Minimum import prices are fixed for each marketing year for the following products:

>TABLE POSITION>

The minimum import prices are fixed by the Community in consultation with the Czech Republic, taking into consideration the price evolution, imported quantities and market development in the Community.

2. The minimum import prices shall be respected in accordance with the following criteria:

- during each three month period of the marketing year the average unit value for each

product listed in paragraph 1, imported into the Community, shall not be lower than the minimum import price for that product,

- during any period of two weeks the average unit value for each product listed in paragraph 1, imported in the Community shall not be lower than 90 % of the minimum import price for that product, in so far as the quantities imported during this period are not less than 4 % of the normal annual import.

3. In case of non-respect of one of these criteria the Community may introduce measures ensuring that the minimum import price is respected for each consignment of the product concerned imported from the Czech Republic.

ANNEX XII

Arrangements for imports of live bovine animals into the Community

1. In case the number of animals fixed in the framework of the balance sheet arrangements foreseen in Regulation (EEC) No 805/68 are lower than a reference quantity, a global tariff quota equal to the difference between that reference quantity and the number of animals fixed under the balance sheet arrangements will be opened to imports from Hungary, Poland, the Czech Republic and the Slovak Republic. The reference quantity shall be:

- 217 800 in 1992,
- 237 600 in 1993,
- 257 400 in 1994,
- 277 200 in 1995,
- 297 000 in 1996.

The reduced levy applicable to animals under this quota will be fixed at 25 % of the full amount of levy.

This arrangement shall apply to live bovine animals for fattening or for slaughter with a live weight of not less than 160 kg and not more than 300 kg.

2. In case forecasts show that imports into the Community may exceed 425 000 head for any given year, the Community may take safeguard measures in accordance with Regulation (EEC) No 805/68, notwithstanding any other rights given under the Agreement.

In this context, imports of live bovine animals not covered by the arrangements mentioned in paragraph 1 shall be limited to young calves with a live weight of not more than 80 kg. Such imports shall be subject to a management regime in order to ensure regular supply over the year in question.

ANNEX XIII

List of products referred to in Article 21 (4) (1)

The quantities imported under the CN codes referred to in this Annex, with the exception of codes 0104 and 0204, will be subject to levy and duty reductions of 20 % from 1 March 1992, 40 % from 1 January 1993 and 60 % from 1 July 1993.

The quantities in tonnes set out for Year 3 shall be applicable from 1 July 1993 to 30 June 1994. The amounts imported prior to 1 July 1993 in excess of 50 % of the amount for Year 2 shall be deducted from the amount applicable for Year 3.

The quantities in tonnes set out for Year 4 and Year 5 respectively shall be applicable from 1 July 1994 to 30 June 1995 and from 1 July 1995 to 30 June 1996 respectively.

>TABLE POSITION>

4 000
4 350
4 720
5 120
5 470

7,2
5,4
3,6
3,6

3,6

(1) The conditions laid down in the 1982 Agreement between the European Economic Community and the CSFR on trade in the sheep and goat sector as supplemented by the 1990 Agreement apply with the exception of the products referred to in paragraph 1 and of the quantities referred to in paragraph 2 of the 1982 Agreement which shall be replaced by the products and the quantities in this Annex.

(2) Excluding tenderloin presented alone.

(3) In case the Czech Republic in a given year benefits from Community financial assistance in the framework of triangular operations, for export of this product/these products to the ex-USSR or countries other than Hungary, Poland and the Slovak Republic which benefit from a G-24 assistance, the quota for this product will be reduced by the amount of such assisted exports for the year in question. However, the quota cannot be less than 1 850 tonnes.

(4) In case the Czech Republic in a given year benefits from Community financial assistance in the framework of triangular operations, for export of this product to the ex-USSR or countries other than Hungary, Poland and the Slovak Republic which benefit from G-24 assistance, the quota for this product will be reduced by the amount of such assisted exports for the year in question. However, the quota cannot be less than 265 tonnes.

(5) In liquid yolk equivalent: 1 kg of dried yolk = 2,12 kg of liquid yolk.

(6) In liquid equivalent: 1 kg of dried egg = 3,9 kg of liquid egg.

(7) Notwithstanding the rules for the interpretation of the combined nomenclature, the wording for the description of the products is to be considered as having no more than an indicative value, the preferential scheme being determined, within the context of this Annex, by the coverage of the CN codes. Where ex CN codes are indicated, the preferential scheme is to be determined by application of the CN code and corresponding description taken together.

ANNEX XIV

List of products referred to in Article 21 (4) (1)

Imports into the Czech Republic of the following products originating in the Community shall be subject to the concessions set out below

>TABLE POSITION>

(1) Notwithstanding the rules for the interpretation of the combined nomenclature, the wording for the description of the products is to be considered as having no more than an indicative value, the preferential scheme being determined, within the context of this Annex, by the average of the CN codes. Where ex CN codes are indicated, the preferential scheme is to be determined by application of the CN code and corresponding description taken together.

ANNEX XV

>TABLE POSITION>

ANNEX XVIa (Title IV, Chapter II)

ESTABLISHMENT: FINANCIAL SERVICES

Definitions

A financial service is any service of a financial nature offered by a financial service provider of a party. Financial services include the following activities:

A. All insurance and insurance-related services

1. Direct insurance (including co-insurance).

(i) life;

(ii) non-life.

2. Reinsurance and retrocession.

3. Insurance intermediation, such as brokerage and agency.

4. Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services.

B. Banking and other financial services (excluding insurance)

1. Acceptance of deposits and other repayable funds from the public.

2. Lending of all types, including, inter-alia, consumer credit, mortgage credit, factoring and financing of commercial transaction.

3. Financial leasing.

4. All payment and money transmission services, including credit charge and debit cards, travellers cheques and bankers drafts.

5. Guarantees and commitments.

6. Trading for own account of customers, whether on an exchange, in an over the counter market or otherwise, the following:

(a) money market instruments (cheques, bills, certificates of deposits, etc.);

(b) foreign exchange;

(c) derivative products including, but not limited to, futures and options;

(d) exchange rates and interest rate instruments, including products such as swaps, forward rate agreements, etc.;

(e) transferable securities;

- (f) other negotiable instruments and financial assets, including bullion.
7. Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues.
8. Money broking.
9. Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services.
10. Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments.
11. Advisory intermediation and other auxiliary financial services on all the activities listed in points 1 to 10 above, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy.
12. Provision and transfer of financial information, and financial data processing and related software by providers of other financial services.
- Excluded from the definition of financial services are the following activities:
- (a) activities carried out by central banks or by any other public institution in pursuit of monetary and exchange rate policies;
- (b) activities conducted by central banks, government agencies or departments, or public institutions, for the account or with the guarantee of the government, except when those activities may be carried out by financial service providers in competition with such public entities;
- (c) activities forming part of a statutory system of social security or public retirement plans, except when those activities may be carried out by financial service providers in competition with public entities or private institutions.

ANNEX XVIb (Article 45, paragraphs 1 (i) and 5 and Article 51, point (i))

ESTABLISHMENT: SECTORS RELATED TO THE END OF THE TRANSITIONAL PERIOD

- armament and defence production,
- steel production,
- acquisition of State-owned assets under privatization process,
- ownership, use, sale and rent of real property,
- dealing and agency activities in real property and natural resources.

ANNEX XVIc (Article 45 (5) and (6))

ESTABLISHMENT: EXCLUDED SECTORS

- acquisition and sale of natural resources,
- acquisition and sale of agricultural land and forests,
- cultural and historic monuments and buildings.

ANNEX XVII

1. Paragraph 2 of Article 67 concerns the following multilateral convention: Protocol relating to the Madrid Agreement concerning the International Registration of Marks (Madrid 1989).

2. The Association Council may decide that paragraph 2 of Article 67 shall apply to other multilateral conventions.
3. The Contracting Parties confirm the importance they attach to the obligations arising from the following multilateral conventions:
- Berne Convention for the protection of literary and artistic works (Paris Act, 1971),
 - International Convention for the protection of performers, producers of phonograms and broadcasting organizations (Rome, 1961),
 - Paris Convention for the protection of industrial property (Stockholm Act, 1967 and amended in 1979),
 - Madrid Agreement concerning the international registration of marks (Stockholm Act, 1967 and amended in 1979),
 - Nice Agreement concerning the international classification of goods and services for the purposes of the registration of marks (Geneva 1977, amended 1979),
 - Budapest Treaty on the international recognition of the deposit of micro-organisms for the purposes of patent procedures (1977, modified in 1980),
 - Patent Cooperation Treaty (Washington 1970, amended 1979 and modified in 1984).
4. For the purposes of paragraph 3 of this Annex and of the provisions of Article 76 (1) referring to intellectual property, Contracting Parties shall be the Czech Republic, the European Economic Community and the Member States, each in, as far as they are respectively competent for matters concerning industrial, intellectual and commercial property covered by these conventions or by Article 76 (1).
5. The provisions of this Annex and those of Article 76 (1) referring to intellectual property are without prejudice to the competences of the European Economic Community and its Member States in matters of industrial, intellectual and commercial property.

LIST OF PROTOCOLS

>TABLE POSITION>

PROTOCOL 1 on textile and clothing products to the Europe Agreement ('The Agreement')

Article 1

This Protocol applies to the textile and clothing products (hereinafter 'textile products') listed in Annex I to the Additional Protocol to the Europe Agreement on trade in textile products between the European Economic Community and the Czech and Slovak Federal Republic, initialled on 17 December 1992 and applied since 1 January 1993, in so far as quantitative arrangements are concerned, and to Section XI (Chapters 50 to 63) of the combined nomenclature of the Community and, respectively, of the Czech Republic Customs Tariff in so far as tariff aspects are concerned.

Article 2

1. Customs duties on imports applicable in the Community to textile products falling within Section XI (Chapters 50 to 63) of the combined nomenclature and originating in the Czech Republic in accordance with Protocol 4 of the Agreement shall be reduced by equal annual amounts leading to their elimination at the end of a period of six years starting from the entry into force of the Agreement, as follows:

- upon the entry into force of the Agreement to five-sevenths of the basic duty,

- at the start of the third year to four-sevenths of the basic duty,
- at the start of the fourth year to three-sevenths of the basic duty,
- at the start of the fifth year to two-sevenths of the basic duty,
- at the start of the sixth year the remaining duties shall be eliminated.

2. The rates of duty applied to direct imports into the Czech Republic of textile products falling within Section XI (Chapters 50 to 63) of the Czech Republic Customs Tariff and originating in the Community, in accordance with Protocol 4 of the Agreement, shall be progressively eliminated as provided for in Article 11 of the Agreement.

3. The rates of duty applied to reimports into the Community of textile products falling within the categories listed in the Annex to Council Regulation (EEC) No 636/82 after processing, manufacturing or working in the Czech Republic shall be eliminated on the date of entry into force of the Agreement.

4. The provisions of Articles 12 and 13 of the Agreement shall apply to trade in textile products between the Parties.

Article 3

From 1 January 1993 the quantitative arrangements and other related issues regarding exports of textile products originating in the Czech Republic to the Community and originating in the Community to the Czech Republic shall be governed by the Additional Protocol to the Europe Agreement on trade in textile products between the European Economic Community and the Czech and Slovak Federal Republic initialled on 17 December 1992 and applied since 1 January 1993 including in particular Agreed Minute No 5 thereof as amended by the Additional Protocol on trade in textile products between the European Economic Community and the Czech Republic initialled on 17 September 1993.

Article 4

From the entry into force of this Agreement no new quantitative restrictions or measures of equivalent effect shall be imposed except as provided for under the Agreement and its Protocols.

PROTOCOL 2 on ECSC products to the Europe Agreement ('the Agreement')

Article 1

This Protocol applies to products listed in Annex 1 to the ECSC Treaty as identified in the Common Customs Tariff (1*).

CHAPTER I ECSC Steel Products

Article 2 (2)

Customs duties on imports applicable in the Community on ECSC steel products originating in the Czech Republic shall be progressively abolished in accordance with the following timetable:

1. each duty shall be reduced to 80 % on the basic duty on the date of entry into force of the Agreement;
2. further reductions to 60 %, 40 %, 20 % and 0 % of the basic duty shall be made at the beginning of the second, third, fourth and fifth years respectively after the entry into force of the Agreement.

Article 3

Customs duties applicable in the Czech Republic on imports of ECSC steel products originating in the Community shall be progressively abolished in accordance with the following timetable:

1. for products listed in Annex I to this Protocol customs duties shall be abolished on the date of entry into force of the Agreement;
2. for products listed in Annex II to this Protocol customs duties shall be reduced in accordance with Article 11 (2) of the Agreement;
3. for products listed in Annex III to this Protocol customs duties shall be reduced in accordance with Article 11 (3) of the Agreement.

Article 4

1. Quantitative restrictions on imports into the Community of ECSC steel products originating in the Czech Republic as well as measures having equivalent effect shall be abolished on the date of entry into force of the Agreement.
2. Quantitative restrictions on imports into the Czech Republic of ECSC steel products originating in the Community, as well as measures having equivalent effect, shall be abolished on the date of entry into force of the Agreement.

CHAPTER II ECSC Coal Products

Article 5

Customs duties on imports applicable in the Community on ECSC coal products originating in the Czech Republic shall be abolished at the latest one year after the entry into force of the Agreement with the exception of those concerning the products and the regions described in Annex IV, which shall be abolished at the latest four years after the entry into force of the Agreement.

Article 6

Coal products originating in the Community shall be imported into the Czech Republic free of customs duties from the date of entry into force of the Agreement.

Article 7

1. Quantitative restrictions applicable in the Community to ECSC coal products originating in the Czech Republic shall be abolished at the latest one year after the entry into force of the Agreement, with the exception of those concerning the products and the regions described in Annex IV, which shall be abolished at the latest four years after the entry into force of the Agreement.
2. Quantitative restrictions on imports applicable in the Czech Republic to coal products originating in the Community as well as measures having equivalent effect shall be abolished as provided for in Article 11 (5) of the Agreement.

CHAPTER III Common provisions

Article 8

1. The following are incompatible with the proper functioning of the Agreement, in so far as they may affect trade between the Community and the Czech Republic:
 - (i) all agreements of cooperative or concentrative nature between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as

their object or effect the prevention, restriction or distortion of competition;
(ii) abuse by one or more undertakings of a dominant position in the territories of the Community or of the Slovak Republic as a whole or in a substantial part thereof;
(iii) public aid in any form whatsoever except derogations allowed pursuant to the ECSC Treaty.

2. Any practices contrary to this Article shall be assessed on the basis of criteria arising from the application of the rules of Articles 65 and 66 of the Treaty establishing the ECSC, Article 85 of the EEC Treaty, and the rules on public aids, including the secondary legislation.

3. The Association Council shall, within three years of the entry into force of the Agreement, adopt the necessary rules for the implementation of paragraphs 1 and 2.

4. The Contracting Parties recognize that during the first five years after the entry into force of the Agreement, and by derogation to paragraph 1 (iii), the Czech Republic may exceptionally, as regards ECSC steel products, grant public aid for restructuring purposes provided that:

- it leads to the viability of the benefiting firms under normal market conditions at the end of the restructuring period, and
- the amount and intensity of such aid are strictly limited to what is absolutely necessary in order to restore such viability and are progressively reduced,
- the restructuring programme is linked to a global rationalization and reduction of capacity in the Czech Republic.

5. Each Party shall ensure transparency in the area of public aid by a full and continuous exchange of information to the other Party, including amount, intensity and purpose of the aid and detailed restructuring plan.

6. If the Community or the Czech Republic considers that a particular practice is incompatible with the terms of paragraph 1 as amended by paragraph 4, and

- is not adequately dealt with under the implementing rules referred to in paragraph 3, or
 - in the absence of such rules, and if such practice causes or threatens to cause prejudice to the interests of the other Party or material injury to its domestic industry,
- the affected Party may take appropriate measures if no solution is found through consultation which shall last a maximum of 30 working days. Such consultation shall be held in 30 days from the date the official request is introduced.

In the case of practices incompatible with paragraph 1 (iii), such appropriate measures may only cover measures adopted in conformity with the procedures and under the conditions laid down by the General Agreement on Tariffs and Trade and any other relevant instrument negotiated under its auspices which are applicable between the Parties.

Article 9

The provisions of Articles 12, 13 and 14 of the Agreement shall apply to trade between the parties in ECSC products.

Article 10

The Parties agree that one of the special bodies established by the Association Council shall be a contact group which will discuss the implementation of this Protocol.

(1*) OJ No L 247, 10. 9. 1990.

Footnote 1 to Protocol 2

From 1 June 1993 to 31 December 1995, subject to any subsequent modification, the provisions of Decisions 1/93(C) and 1/93(S) of the Joint Committee acting in accordance with the Interim Agreement on trade and trade related matters between the Community and the CSFR signed on 16 December 1991 as amended by the Supplementary Protocols between the Community and each of the Slovak Republic and the Czech Republic, will be applicable.

ANNEX I

List of products referred to in Article 3 (1) of the Protocol

CN code 7201 10

7201 20

7201 30

7201 40

7203 10

7203 90

7204 50

ANNEX II

List of products referred to in Article 3 (2) of the Protocol and the rates of duty applicable before the entry into force of Agreement

>TABLE POSITION>

ANNEX III

List of products referred to in Article 3 (3) of the Protocol and the rates of duty applicable before the entry into force of the Agreement

>TABLE POSITION>

ANNEX IV

Products and regions referred to as exceptions in Article 7 of the ECSC Protocol

Products

Products listed under 'Coal Products' of Annex I to the ECSC Treaty as identified in the Common Customs Tariff (1).

Regions

All regions of:

- Federal Republic of Germany,
- Kingdom of Spain.

(1) OJ No L 247, 10. 9. 1990.

PROTOCOL 3 on trade between the Czech Republic and the Community in processed agricultural products not covered by Annex II to the EEC Treaty

Article 1

In order to take account of cost differences between agricultural products incorporated into certain goods not covered by Article II of the Treaty establishing the European Community, the agreement shall not preclude:

- the inclusion of an agricultural component in the customs levies charged on imports of the goods listed in the Annex,
- the use of internal measures to offset the price differences resulting from agricultural policy,
- the use of measures applying to exports.

Article 2

1. The agricultural component of the customs levies referred to in Article 1 may take the form of a variable component, a flat-rate amount or an ad valorem duty.

This component shall relate only to the quantities of agricultural raw materials incorporated.

2. In determining the agricultural component to be levied, account shall be taken of the measures adopted pursuant to Article 21 of the Agreement.

3. Measures relating to exports may not go beyond those applicable to any country which is not a Party to the Agreement.

4. The non-agricultural component of the charges shall be progressively reduced in accordance with the procedure laid down in this Protocol.

Article 3

1. The import levies applicable in the Community to the Czech Republic products listed in Table 1 shall be reduced according to the timetable set out in that table.

2. The variable components listed in Table 1 may be converted into any of the other types of levy referred to in Article 2 (1).

Article 4

1. The Czech Republic shall determine the agricultural component of the levies, in accordance with Articles 1 and 2, before 1 July 1994.

The non-agricultural component of the levies shall be determined by subtracting from the levies applicable on 1 January 1992 the agricultural component referred to above.

2. The agricultural component of the levies may not exceed the level of duty which would result from the application to the amounts of agricultural products considered to have been used of the import duties applicable in the Czech Republic to such products from the Community.

3. The agricultural component of the levy may take one of the forms referred to in Article 2 (1).

It may later be converted into another of the types of levy referred to in Article 2 (1), notably to take account of changes in the Czech Republic's agricultural policy.

Article 5

1. Until 31 December 1994 the Czech Republic shall charge import duty on the goods listed in Table 2 of the Annex at the rates in force on 1 January 1992.

2. From 1 January 1995, the non-agricultural component of the levies, calculated in conformity with Article 4, shall be reduced in accordance with the timetable set out in Table 2 of the Annex.

The duties which will apply from 1 January 1995 shall be definitively determined by the

Association Council in accordance with the provisions of Article 6 (1).

Article 6

1. By 1 October 1994, the Czech Republic shall notify the Association Council referred to in Article 104 of the Agreement of the agricultural component of the levies concerned, calculated in accordance with Article 4. After consideration of these figures, the Joint Committee shall determine the definitive duties to apply from 1 January 1995.
2. At the end of the first phase of the transitional period, the Association Council shall consider the possibility of replacing the agricultural component referred to in Article 2 (1) of this Protocol with compensatory amounts calculated on the basis of the quantities of agricultural products actually used, and the actual differences in the prices of basic agricultural products in each of the Parties. If this becomes the case, the Association Council shall draw up a list of the products to which the compensatory amounts will apply, and a list of basic agricultural products.
3. The Association Council may also consider extending the list of goods covered by this Protocol. If it does so, it shall make the necessary provisions with regard to those goods.
4. The Czech Republic and the Community shall inform each other of the prices of basic agricultural products used to calculate the price compensation referred to in Article 1 of this Protocol.

ANNEX

>TABLE POSITION>

>TABLE POSITION>

PROTOCOL 4 concerning the definition of the concept of 'originating products' and methods of administrative cooperation

TITLE I DEFINITION OF THE CONCEPT OF 'ORIGINATING PRODUCTS'

Article 1

Origin criteria

For the purpose of implementing this Agreement and without prejudice to the provisions of Articles 2 and 3 of this Protocol, the following products shall be considered as:

1. products originating in the Community:
 - (a) products wholly obtained in the Community within the meaning of Article 4 of this Protocol;
 - (b) products obtained in the Community incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in the Community within the meaning of Article 5 of this Protocol;
2. products originating in the Czech Republic:
 - (a) products wholly obtained in the Czech Republic within the meaning of Article 4 of this Protocol;
 - (b) products obtained in the Czech Republic incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in the Czech Republic within the meaning of Article 5 of this Protocol.

Article 2

Bilateral cumulation

1. Notwithstanding Article 1 (1) (b), materials originating in the Czech Republic within the meaning of this Protocol shall be considered as materials originating in the Community and it shall not be necessary that such materials have undergone sufficient working or processing there, provided however that they have undergone working or processing going beyond that referred to in Article 5 (3) of this Protocol.
2. Notwithstanding Article 1 (2) (b), materials originating in the Community within the meaning of this Protocol shall be considered as materials originating in the Czech Republic and it shall not be necessary that such materials have undergone sufficient working or processing there, provided however that they have undergone working or processing going beyond that referred to in Article 5 (3) of this Protocol.

Article 3

Cumulation with materials originating in Poland, Hungary or in the Slovak Republic

1. (a) Notwithstanding Article 1 (1) (b) and subject to the provisions of paragraphs 2 and 4, materials originating in Poland, Hungary or in the Slovak Republic within the meaning of Protocol 4 annexed to the Agreements between the Community and these countries shall be considered as originating in the Community and it shall not be necessary that such materials have undergone sufficient working or processing there, provided however that they have undergone working or processing going beyond that referred to in Article 5 (3) of this Protocol.
- (b) Notwithstanding Article 1 (2) (b) and subject to the provisions of paragraphs 2 and 4, materials originating in Poland, Hungary or in the Slovak Republic within the meaning of Protocol 4 annexed to the Agreements between the Community and these countries shall be considered as originating in the Czech Republic and it shall not be necessary that such materials have undergone sufficient working or processing there, provided however that they have undergone working or processing going beyond that referred to in Article 5 (3) of this Protocol.
2. Products which have acquired originating status by virtue of paragraph 1 shall only continue to be considered as products originating in the Community or in the Czech Republic when the value added there exceeds the value of the materials used originating in Poland, Hungary or in the Slovak Republic. If this is not so, the products concerned shall be considered, for the purpose of implementing this Agreement or the Agreements between the Community and Poland, Hungary and the Slovak Republic, as originating in Poland, Hungary or the Slovak Republic, according to which of these countries accounts for the highest value of originating materials used.
- No account shall be taken in this allocation of materials originating in Poland, Hungary or in the Slovak Republic which have undergone sufficient working or processing in the Community or in the Czech Republic.
3. 'Value added' shall be taken to be the ex-works price of the products minus the customs value of all the materials used which do not originate in the country or the group of countries where these products are obtained.
4. For the purpose of this Article identical rules of origin to those in this Protocol shall be applied in trade between the Community and Poland, Hungary and the Slovak Republic, and between the Czech Republic and these three countries, and also between each of these three countries themselves.

Article 4

Wholly obtained products

1. Within the meaning of Article 1 (1) (a) and (2) (a), the following shall be considered as wholly obtained either in the Community or in the Czech Republic:

- (a) mineral products extracted from their soil or from their seabed;
- (b) vegetable products harvested there;
- (c) live animals born and raised there;
- (d) products from live animals raised there;
- (e) products obtained by hunting or fishing conducted there;
- (f) products of sea fishing and other products taken from the sea by their vessels;
- (g) products made aboard their factory ships exclusively from products referred to in subparagraph (f);
- (h) used articles collected there fit only for the recovery of raw materials;
- (i) waste and scrap resulting from manufacturing operations conducted there;
- (j) goods produced there exclusively from the products specified in subparagraphs (a) to (i).

2. The term 'their vessels' in paragraph 1 (f) shall apply only to vessels:

- which are registered or recorded in the Czech Republic or in a Member State of the Community,
- which sail under the flag of the Czech Republic or of a Member State of the Community,
- which are owned to an extent of at least 50 % by nationals of the Czech Republic or of Member States of the Community, or by a company with its head office in one of these States or in the Czech Republic, of which the manager or managers, chairman of the board of directors or the supervisory board, and the majority of the members of such boards are nationals of the Czech Republic or of Member States of the Community and of which, in addition, in the case of partnerships or limited companies, at least half the capital belongs to these States, to the Czech Republic, to their public bodies or to their nationals,
- of which the master and officers are nationals of the Czech Republic or of Member States of the Community,
- of which at least 75 % of the crew are nationals of the Czech Republic or of Member States of the Community.

3. The terms 'the Czech Republic' and 'the Community' shall also cover the territorial waters which surround the Czech Republic and the Member States of the Community.

Sea-going vessels, including factory ships on which the fish caught is worked or processed, shall be considered as part of the territory of the Community or of the Czech Republic provided that they satisfy the conditions set out in paragraph 2.

Article 5

Sufficiently processed products

1. For the purposes of Article 1, non-originating materials are considered to be sufficiently worked or processed when the product obtained is classified in a heading which is different from that in which all the non-originating materials used in its manufacture are classified, subject to paragraphs 2 and 3.

The expressions 'chapters' and 'headings' used in this Protocol shall mean the chapters and the headings (four-digit codes) used in the nomenclature which makes up the harmonized commodity description and coding system (hereinafter referred to as 'the Harmonized System' or HS).

The expression 'classified' shall refer to the classification of a product or material under a particular heading.

2. For a product mentioned in columns 1 and 2 of the list in Annex II, the conditions set out in column 3 for the product concerned must be fulfilled instead of the rule in paragraph 1.

(a) Where in the list in Annex II a percentage rule is applied in determining the originating

status of a product obtained in the Community or in the Czech Republic, the value added by the working or processing shall correspond to the ex-works price of the product obtained, less the value of third-country materials imported into the Community or the Czech Republic.

(b) The term 'value' in the list in Annex II shall mean the customs value at the time of the import of the non-originating materials used or, if this is not known and cannot be ascertained, the first ascertainable price paid for these materials in the territory concerned.

Where the value of the originating materials used needs to be established, the provisions of the above subparagraph shall be applied *mutatis mutandis*.

(c) The term 'ex-works price' in the list in Annex II shall mean the price paid for the product obtained to the manufacturer in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used in manufacture, minus any internal taxes which are, or may be repaid when the product obtained is exported.

(d) 'Customs value' shall be understood as the value determined in accordance with the agreement on implementation of Article VII of the General Agreement on Tariffs and Trade, established in Geneva on 12 April 1979.

3. For the purpose of implementing paragraphs 1 and 2 the following shall be considered as insufficient working or processing to confer the status of originating products, whether or not there is a change of heading:

(a) operations to ensure the preservation of products in good condition during transport and storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations).

(b) simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting up;

(c) (i) changes of packaging and breaking up and assembly of consignments;

(ii) simple placing in bottles, flasks, bags, cases, boxes, fixing on cards or boards etc., and all other simple packaging operations;

(d) affixing marks, labels and other like distinguishing signs on products or their packaging;

(e) simple mixing of products, whether or not of different kinds, where one or more components of the mixture do not meet the conditions laid down in this Protocol to enable them to be considered as originating either in the Community or in the Czech Republic;

(f) simple assembly of parts of articles to constitute a complete article;

(g) a combination of two or more operations specified in subparagraphs (a) to (f);

(h) slaughter of animals.

Article 6

Neutral elements

In order to determine whether a product originates in the Community or in the Czech Republic it shall not be necessary to establish the origin of the electrical power, fuel, plant and equipment and machines and tools used to obtain such product nor of materials which do not enter into their final composition.

Article 7

Accessories, spare parts and tools

Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle which are part of the normal equipment and included in the price thereof or are not separately invoiced are regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

Article 8

Sets

Sets, as defined in General Rule 3 of the Harmonized System, shall be regarded as originating when all component articles are originating products. Nevertheless, when a set is composed of originating and non-originating articles, the set as a whole shall be regarded as originating provided that the value of the non-originating articles does not exceed 15 % of ex-works price of the set.

Article 9

Direct transport

1. The preferential treatment provided for under this Agreement or, when the provisions of Article 3 (2) are applied, under the Agreements between the Community and Poland, Hungary and the Slovak Republic, applies only to products or materials which are transported between the territories of the Community and the Czech Republic without entering any other territory. However, originating goods constituting one single consignment which is not split up may be transported through territory other than that of the Community or the Czech Republic with, should the occasion arise, transshipment or temporary warehousing in such territory, provided that the goods have remained under the surveillance of the customs authorities in the country of transit or of warehousing and that they have not undergone operations other than unloading, reloading or any operation designed to preserve them in good condition.

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

(a) a single transport document issued in the exporting country covering the passage through the country of transit;

(b) or a certificate issued by the customs authorities of the country of transit:

- giving an exact description of the goods,
- stating the dates of unloading and reloading of the goods or of the embarkation or disembarkation, identifying the ships or other means of transport used, and
- certifying the conditions under which the goods remained in the transit country;

(c) or failing these, any substantiating documents.

Article 10

Territorial requirement

The conditions set out in this Title relative to the acquisition of originating status must be fulfilled without interruption in the Community or in the Czech Republic except as provided for in Articles 2 and 3.

If originating products exported from the Community or the Slovak Republic to another country are returned, except in so far as provided for in Articles 2 and 3, they must be considered as non-originating unless it can be demonstrated to the satisfaction of the customs authorities that:

- the goods returned are the same goods as those exported, and
- they have not undergone any operation beyond that necessary to preserve them in good condition while in that country.

TITLE II PROOF OF ORIGIN

Article 11

Movement certificate EUR.1

Evidence of originating status of products, within the meaning of this Protocol, shall be given by a movement certificate EUR.1, a specimen of which appears in Annex III to this Protocol.

Article 12

Normal procedure for the issue of certificates

1. A movement certificate EUR.1 shall be issued only on application having been made in writing by the exporter or, under the exporter's responsibility, by his authorized representative. Such application shall be made on a form, a specimen of which appears in Annex III to this Protocol, which shall be completed in accordance with this Protocol.

Applications for movement certificates EUR.1 must be preserved for at least two years by the customs authorities of the exporting State.

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

He shall undertake to submit, at the request of the appropriate authorities, any supplementary evidence they may require for the purpose of establishing the correctness of the originating status of the products eligible for preferential treatment and shall undertake to agree to any inspection of his accounts and to any check on the processes of the obtaining of the above products carried out by the said authorities.

Exporters must keep for at least two years the supporting documents referred to in this paragraph.

3. A movement certificate EUR.1 may be issued only where it can serve as the documentary evidence required for the purpose of implementing this Agreement or the Agreements between the Community and Poland, Hungary and the Slovak Republic.

4. The movement certificate EUR.1 shall be issued by the customs authorities of a Member State of the European Economic Community if the goods to be exported can be considered as products originating in the Community within the meaning of Article 1 (1) or as products originating in Poland, Hungary or the Slovak Republic within the meaning of Article 3 (2) of this Protocol. The movement certificate EUR.1 shall be issued by the customs authorities of the Slovak Republic if the goods to be exported can be considered as products originating in the Czech Republic within the meaning of Article 1 (2) or as products originating in Poland, Hungary or the Slovak Republic within the meaning of Article 3 (2) of this Protocol.

5. Where the cumulation provisions of Articles 2 or 3 are applied, the customs authorities of the Member States of the Community or the Czech Republic may issue movement certificates EUR.1 under the conditions laid down in this Protocol if the goods to be exported can be considered as originating products within the meaning of this Protocol and provided that the goods covered by the movement certificates EUR.1 are in the Community or in the Czech Republic.

In these cases movement certificates EUR.1 shall be issued subject to the presentation of the proof of origin previously issued or made out. This proof of origin must be kept for at least two years by the customs authorities of the exporting State.

6. Since the movement certificates EUR.1 constitutes the documentary evidence for the application of the preferential tariff arrangements laid down in the Agreement, it shall be the responsibility of the customs authorities of the exporting country to take any steps necessary to verify the origin of the goods and to check the other statements on the certificate.

7. For the purpose of verifying whether the conditions for issuing EUR.1 certificates have been met, the customs authorities shall have the right to call for any documentary evidence or to carry out any check which they consider appropriate.

8. It shall be the responsibility of the customs authorities of the exporting State to ensure that the forms referred to in paragraph 1 are duly completed. In particular, they shall check whether the space reserved for the description of the products has been completed in such a manner as to exclude all possibility of fraudulent additions. To this end, the description of the products must be indicated without leaving any blank lines. Where the space is not completely filled a horizontal line must be drawn below the last line of the description, the empty space

being crossed through.

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

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

Article 13

Long-term certificates EUR.1

1. Notwithstanding the provisions of Article 12 (10), a movement certificate EUR.1 may be issued by the customs authorities of the exporting State when only part of the products to which it relates is exported, in the case of a certificate covering a series of exportations of the same products from the same exporter to the same importer over a maximum period of one year from the date of issue, hereinafter referred to as an 'LT certificate'.

2. LT certificates shall be issued, in accordance with the provisions of Article 12, at the discretion of the customs authorities of the exporting State and according to their own judgment of the need for this procedure, only where the originating status of the goods to be exported is expected to remain unchanged for the period of validity of the LT certificate. If any goods are no longer covered by the LT certificate, the exporter shall immediately inform the customs authorities who issued the certificate.

3. Where the LT certificate procedure applies, the customs authorities of the exporting State may prescribe the use of EUR.1 certificates bearing a distinctive sign by which they may be identified.

4. Box 11 'Customs endorsement' of the EUR.1 certificate must be endorsed as usual by the customs authorities of the exporting State.

5. One of the following phrases shall be entered in box 7 of the EUR.1 certificate:

'CERTIFICADO LT VÁLIDO HASTA EL ...'

'LT-CERTIFICAT GYLDIGT INDTIL ...'

'LT-CERTIFICATE GÜLTIG BIS ...'

'ĐÉÓÔİĐİĖÇÔÊÊİİ LT ÉÓ×Õİİ İÂ×ÑÉ ...'

'LT-CERTIFICATE VALID UNTIL ...'

'CERTIFICAT LT VALABLE JUSQU'AU ...'

'CERTIFICATO LT VALIDO FINO AL ...'

'LT-CERTIFICAAT GELDIG TOT EN MET ...'

'CERTIFICADO LT VÁLIDO ATÉ ...'

'LT-SWÍADECTWO WAZNE DO ...'

'LT-BIZONYITVANY ÉRVÉNYES ...-IG'

'LT-OSV OED OCENÍ PLATNÉ DO ...'

'LT-OSVED OCENIE PLATNE DO ...'

(date indicated in Arabic numerals).

6. Reference is not required in boxes 8 and 9 of the LT certificate to the marks and numbers and number and kind of packages and the gross weight (kg) or other measures (litres, m³, etc.). Box 8 must, however, contain a description and designation of the goods which is sufficiently precise to allow for their identification.

7. Notwithstanding Article 18, the LT certificate must be submitted to the customs office of import at or before the first importation of any goods to which it relates. When the importer carries out the customs clearance at several customs offices in the State of importation, the customs authorities may require him to produce a copy of the LT certificate to all of those offices.

8. Where an LT certificate has been submitted to the customs authorities, the evidence of the

originating status of the imported goods shall, during the validity of the LT certificate, be given by invoices which satisfy the following conditions:

(a) when an invoice includes both originating goods and non-originating goods, the exporter shall distinguish clearly between these two categories;

(b) the exporter shall state on each invoice the number of the LT certificate which covers the goods and the date of expiry of the certificate and the names of the country or countries in which the goods originate.

The statement on the invoice, made by the exporter, of the number of the LT certificate with the indication of the country of origin shall constitute a declaration that the goods fulfil the conditions laid down in this Protocol for the acquisition of preferential origin status.

The customs authorities of the exporting State may require that the entries which, under the above provisions, must appear on the invoice, be supported by the manuscript signature followed by the name of the signatory in clear script;

(c) the description and the designation of the goods on the invoice shall be in sufficient detail to show clearly that the goods are also listed on the LT certificate to which the invoice refers;

(d) the invoices can be made out only for the goods exported during the period of validity of the relevant LT certificate. They may, however, be produced at the customs office of importation within four months of their being made out by the exporter.

9. In the framework of the LT certificate procedure, invoices which satisfy the conditions of this Article may be made out and/or transmitted using telecommunications or electronic data-processing methods. Such invoices shall be accepted by the customs authorities of the importing State as evidence of the originating status of the goods imported in accordance with the procedures laid down by the customs authorities there.

10. Should the customs authorities of the exporting State identify that a certificate and/or invoice issued under the provisions of this Article is invalid in relation to any goods supplied, they shall immediately notify the customs authorities of the importing State of the facts.

11. The provisions of this Article shall not prejudice application of the rules of the Community, the Member States and the Czech Republic on customs formalities and the use of customs documents.

Article 14

Issue of EUR.1 retrospectively

1. In exceptional circumstances a movement certificate EUR.1 may also be issued after export of the products to which it relates if it was not issued at the time of export because of errors or involuntary omissions or special circumstances.

2. For the implementation of paragraph 1, the exporter must in the written application:

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

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

Certificates issued retrospectively must be endorsed with one of the following phrases:

'NACHTRÄGLICH AUSGESTELLT',

'DELIVRE A POSTERIORI',

'RILASCIATO A POSTERIORI',

'AFGEGEVEN A POSTERIORI',

'ISSUED RETROSPECTIVELY',

'UDSTEDT EFTERFØLGENDE',

'ĀĒĀĪĒĀĪ ĀĒ ŌŪĪ ŌŌŌĀÑŪĪ',

'EXPEDIDO A POSTERIORI',
'EMITIDO A POSTERIORI',
'WYSTAWIONE RETROSPEKTYWNIÉ',
'KIADVA VISSZAMENŐLEGES HATÁLLYAL',
'VYSTAVENO DODATE OCN OE',
'VYSTAVENÉ DODATO OCNE'.

4. The endorsement referred to in paragraph 3 shall be inserted in the 'Remarks' box on the movement certificate EUR.1.

Article 15

Issue of a duplicate EUR.1

1. In the event of the theft, loss or destruction of a movement certificate EUR.1, the exporter may apply in writing to the customs authorities which issued it for a duplicate made out on the basis of the export documents in their possession.

2. The duplicate issued in this way must be endorsed with one of the following words:

'DUPLIKAT',
'DUPLICATA',
'DUPLICATO',
'DUPLICAAT',
'DUPLICATE',
'ÁÍÔÉÑÁÖ',
'DUPLICADO',
'SEGUNDA VIA',
'DUPLIKÁT',
'MÁSOLAT'.

3. The endorsement referred to in paragraph 2 shall be inserted in the 'Remarks' box on the movement certificate EUR.1.

4. The duplicate, which must bear the date of issue of the original movement certificate EUR.1, shall take effect as from that date.

Article 16

Simplified procedure for the issue of certificates

1. By way of derogation from Articles 12, 14 and 15 of this Protocol, a simplified procedure for the issue of EUR.1 movement certificates can be used in accordance with the following provisions.

2. The customs authorities in the exporting State may authorize any exporter, hereinafter referred to as 'approved exporter', making frequent shipments for which EUR.1 movement certificates may be issued and who offers, to the satisfaction of the competent authorities, all guarantees necessary to verify the originating status of the products, not to submit to the customs office of the exporting State at the time of export either the goods or the application for an EUR.1 certificate relating to those goods, for the purpose of obtaining an EUR.1 certificate under the conditions laid down in Article 12 of this Protocol.

3. The authorization referred to in paragraph 2 shall stipulate, at the choice of the competent authorities, that box 11 'Customs endorsement' of the EUR.1 movement certificate must either:

(a) be endorsed beforehand with the stamp of the competent customs office of the exporting State and the signature, which may be a facsimile, of an official of that office; or
(b) be endorsed by the approved exporter with a special stamp which has been approved by the customs authorities of the exporting State and corresponds to the specimen given in Annex V to this Protocol. Such stamp may be pre-printed on the forms.

4. In the cases referred to in paragraph 3 (a), one of the following phrases shall be entered in box 7 'Remarks' of the EUR.1 movement certificate:

'PROCEDIMIENTO SIMPLIFICADO',
'FORENKLET PROCEDURE',
'VEREINFACHTES VERFAHREN',
'ΑΔΕΔΩΟΟΑΟΙΆΙÇ ÄÉÁÄÊÊÁÓÉÁ',
'SIMPLIFIED PROCEDURE',
'PROCÉDURE SIMPLIFIÉE',
'PROCEDURA SIMPLIFICATA',
'VEREENVOUDIGDE PROCEDURE',
'PROCEDIMENTO SIMPLIFICADO',
'UPROSZCZONA PROCEDURA',
'EGYSZERUSÍTETT ELJÁRÁS',
'ZJEDNODU OSENÉ ORÍZENÍ',
'ZJEDNODU OSENÉ KONANIE'.

5. Box 11 'Customs endorsement' of the EUR.1 certificate shall be completed if necessary by the approved exporter.

6. The approved exporter shall, if necessary, indicate in box 13 'Request for verification' of the EUR.1 certificate the name and address of the authority competent to verify such certificate.

7. Where the simplified procedure is applied, the customs authorities of the exporting State may prescribe the use of EUR.1 certificates bearing a distinctive sign by which they may be identified.

8. In the authorization referred to in paragraph 2 the competent authorities shall specify in particular:

- (a) the conditions under which the applications for EUR.1 certificates are to be made;
- (b) the conditions under which these applications are to be kept for at least two years;
- (c) in the cases referred to in paragraph 3 (b) the authority competent to carry out the subsequent verification referred to in Article 28 of this Protocol.

9. The customs authorities of the exporting State may declare certain categories of goods ineligible for the special treatment provided for in paragraph 2.

10. The customs authorities shall refuse the authorization referred to in paragraph 2 to exporters who do not offer all the guarantees which they consider necessary. The competent authorities may withdraw the authorization at any time. They must do so where the approved exporter no longer satisfies the conditions or no longer offers these guarantees.

11. The approved exporter may be required to inform the competent authorities, in accordance with the rules which they lay down, of the goods to be dispatched by him, so that such authorities may make any verification they think necessary before the departure of the goods.

12. The customs authorities of the exporting State may carry out any check on approved exporters which they consider necessary. Such exporters must allow this to be done.

13. The provisions of this Article shall be without prejudice to the application of the rules of the Community, the Member States and the Czech Republic, concerning customs formalities and the use of customs documents.

Article 17

Replacement of certificates

1. It shall at any time be possible to replace one or more movement certificates EUR.1 by one or more other certificates provided that this is done by the customs office or other competent authorities responsible for controlling the goods.

2. When products originating in the Community, the Czech Republic, the Slovak Republic,

Poland or Hungary and imported into a free zone under cover of an EUR.1 certificate undergo treatment or processing, the authorities concerned must issue a new EUR.1 certificate at the exporter's request if the treatment or processing undergone is in conformity with the provisions of this Protocol.

3. The replacement certificate shall be regarded as a definite movement certificate EUR.1 for the purposes of the application of this Protocol, including the provisions of this Article.

4. The replacement certificate shall be issued on the basis of a written request from the re-exporter, after the authorities concerned have verified the information supplied in the applicant's request. The date and serial number of the original movement certificate EUR.1 shall be given in box 7.

Article 18

Validity of certificates

1. A movement certificate EUR.1 must be submitted, within four months of the date of issue by the customs authorities of the exporting State, to the customs office of the importing State where the products are entered.

2. Movement certificates EUR.1 which are submitted to the customs authorities of the importing State after the final date of presentation specified in paragraph 1 may be accepted for the purpose of applying preferential treatment, where the failure to submit the certificates by the final date set is due to reasons of force majeure or exceptional circumstances.

3. In other cases of belated presentation, the customs authorities of the importing State may accept the certificates where the products have been submitted to them before the said final date.

Article 19

Exhibitions

1. Products sent from the Community or the Czech Republic for exhibition in a country other than the Czech Republic or a Member State of the Community and sold after the exhibition for importation into the Czech Republic or the Community shall benefit on importation from the provisions of the Agreement on condition that the products meet the requirements of this Protocol entitling them to be recognized as originating in the Community or the Czech Republic provided that it is shown to the satisfaction of the customs authorities that:

(a) an exporter has consigned these products from the Community or the Czech Republic to the country in which the exhibition is held and has exhibited them there;

(b) the products have been sold or otherwise disposed of by that exporter to someone in the Community or the Czech Republic;

(c) the products have been consigned during the exhibition or immediately thereafter to the Community or the Czech Republic in the state in which they were sent for exhibition;

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

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

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

Article 20

Submission of certificates

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

Article 21

Importation by instalments

Without prejudice to Article 5 (3) of this Protocol, where, at the request of the person declaring the goods at the customs, a dismantled or non-assembled article falling within Chapter 84 or 85 of the Harmonized System is imported by instalments on the conditions laid down by the competent authorities, it shall be considered to be a single article and a movement certificate may be submitted for the whole article upon import of the first instalment.

Article 22

Preservation of certificates

Movement certificates EUR.1 shall be preserved by the customs authorities of the importing State in accordance with the rules in force in that State.

Article 23

Form EUR.2

1. Notwithstanding Article 11, the evidence of originating status, within the meaning of this Protocol, for consignments containing only originating products and whose value does not exceed ECU 5 110 per consignment, may be given by a form EUR.2, a specimen of which appears in Annex IV to this Protocol.
2. The form EUR.2 shall be completed and signed by the exporter or, under the exporter's responsibility, by his authorized representative in accordance with this Protocol.
3. A form EUR.2 shall be completed for each consignment.
4. The exporter who has issued the form EUR.2 shall submit at the request of the customs authorities of the exporting State all supporting documents concerning the use of this form.
5. Articles 18, 20 and 22 shall apply mutatis mutandis to forms EUR.2.

Article 24

Discrepancies

The discovery of slight discrepancies between the statements made in the movement certificate EUR.1 or in the form EUR.2 and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not ipso facto render the document null and void if it is duly established that it corresponds to the products submitted.

Article 25

Exemptions from proof of origin

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

2. Imports which are occasional and consist solely of products for the personal use of the recipients or travellers or their families shall not be considered as imports by way of trade if it is evident from the nature and quantity of the products that no commercial purpose is in view. Furthermore, the total value of these products must not exceed ECU 365 in the case of small packages or ECU 1 025 in the case of the contents of travellers' personal luggage.

Article 26

Amounts expressed in ecu

1. Amounts in the national currency of the exporting State equivalent to the amounts expressed in ecu shall be fixed by the exporting State and communicated to the other parties to this Agreement and to the Agreements between the Community and Poland, Hungary and the Slovak Republic. When the amounts are more than the corresponding amounts fixed by the importing State, the latter shall accept them if the goods are invoiced in the currency of the exporting State.

If the goods are invoiced in the currency of another Member State of the Community or in that of the Czech Republic, the Slovak Republic, Poland or Hungary, the importing State shall recognize the amount notified by the country concerned.

2. Up to and including 30 April 1993, the ecu, to be used in any given national currency shall be the equivalent in that national currency of the ecu as at 3 October 1990. For each successive period of two years, it shall be the equivalent in that national currency of the ecu as at the first working day in October in the year immediately preceding that two-year period.

TITLE III ARRANGEMENTS FOR ADMINISTRATIVE COOPERATION

Article 27

Communication of stamps and addresses

The customs authorities of the Member States and of the Czech Republic shall provide each other, through the Commission of the European Communities, with specimen impressions of stamps used in their customs offices for the issue of EUR.1 certificates and with the addresses of the customs authorities responsible for issuing movement certificates EUR.1 and for verifying those certificates and forms EUR.2.

Article 28

Verification of movement certificates EUR.1 and of forms EUR.2

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

2. For the purpose of the subsequent verification of movement certificates EUR.1, the customs authorities of the exporting State must keep copies of the certificates, as well as any export documents referring to them, for at least two years.

3. In order to ensure the proper application of this Protocol, the Slovak Republic and the Member States of the Community shall assist each other, through their respective customs administrations, in checking the authenticity of movement certificates EUR.1, including those issued under Article 12 (5), and the forms EUR.2 and the accuracy of the information concerning the actual origin of the products concerned.

4. For the purpose of implementing paragraph 1, the customs authorities of the importing State shall return the movement certificate EUR.1 or form EUR.2, or a photocopy thereof, to the customs authorities of the exporting State, giving, where appropriate, the reasons of form or substance for an enquiry.

The relevant commercial documents or a copy thereof, shall be attached to the certificate EUR.1 or form EUR.2 and the customs authorities shall forward any information that has been obtained suggesting that the particulars given on the said certificate or the said form are inaccurate.

5. If the customs authorities of the importing State decide to suspend execution of the provisions of the agreement while awaiting the results of the verification, they shall offer to release the products to the importer subject to any precautionary measures judged necessary.

6. The customs authorities of the importing State shall be informed of the results of the verification as soon as possible. These results must be such as to make it possible to determine whether the disputed movement certificate EUR.1 or form EUR.2 apply to the products in question and whether those products can, in fact, qualify for the application of the preferential arrangements.

If in cases of reasonable doubt there is no reply within 10 months of the date of the verification request, or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products, the requesting authorities shall refuse, except in the case of force majeure or exceptional circumstances, any benefit from the preferential treatment laid down in the Agreement concerned.

7. Disputes which cannot be settled between the customs authorities of the importing State and those of the exporting State, or which raise a question as to the interpretation of this Protocol, shall be submitted to the Customs Cooperation Committee.

8. In all cases the settlement of disputes between the importer and the customs authorities of the importing State shall be under the legislation of the said State.

9. Where the verification procedure or any other available information appears to indicate that the provisions of this Protocol are being contravened, the Community or the Czech Republic shall on its own initiative or at the request of the other Party carry out appropriate enquiries or arrange for such enquiries to be carried out with due urgency to identify and prevent such contraventions, and for this purpose the Community or the Czech Republic may invite the participation of the other Party in these enquiries.

10. Where the verification procedure or any other available information appears to indicate that the provisions of this Protocol are being contravened, the products would be accepted as originating products under this Protocol only after completion of such aspects of administrative cooperation set down in this Protocol which may have been activated, including in particular the verification procedure.

Likewise, products would be refused treatment as originating products only after the completion of the verification procedure.

Article 29

Penalties

Penalties shall be imposed on any person who draws up, or causes to be drawn up, a document which contains incorrect particulars for the purpose of obtaining preferential treatment for products.

Article 30

Free zones

The Member States and the Czech Republic shall take all necessary steps to ensure that products traded under cover of a movement certificate EUR.1, which in the course of transport use a free zone situated in their territory, are not substituted by other goods and that they do not undergo handling other than normal operations designed to prevent their deterioration.

TITLE IV CEUTA AND MELILLA

Article 31

Application of the Protocol

1. The term 'Community' used in this Protocol does not cover Ceuta or Melilla. The term 'products originating in the Community' does not cover products originating in these zones.
2. This Protocol shall apply mutatis mutandis to products originating in Ceuta and Melilla, subject to particular conditions set out in Article 32.

Article 32

Special conditions

1. The following provisions shall apply instead of Article 1 and references to that Article shall apply mutatis mutandis to this Article.
2. Providing they have been transported directly in accordance with the provisions of Article 9, the following shall be considered as:
 1. products originating in Ceuta and Melilla:
 - (a) products wholly obtained in Ceuta and Melilla;
 - (b) products obtained in Ceuta and Melilla incorporating materials which have not been wholly obtained there, provided that:
 - (i) such materials have undergone sufficient working or processing within the meaning of Article 5 of this Protocol, or that
 - (ii) such materials originate in the Czech Republic or the Community within the meaning of this Protocol provided, however, that they have undergone working or processing going beyond that referred to in Article 5 (3) of this Protocol;
 2. products originating in the Czech Republic:
 - (a) products wholly obtained in the Czech Republic;
 - (b) products obtained in the Czech Republic incorporating materials which have not been wholly obtained there, provided that:
 - (i) such materials have undergone sufficient working or processing within the meaning of Article 5 of this Protocol, or that
 - (ii) such materials originate in Ceuta and Melilla or the Community within the meaning of this Protocol provided, however, that they have undergone working or processing going beyond that referred to in Article 5 (3) of this Protocol.
3. Ceuta and Melilla shall be considered as a single territory.
4. The exporter or his authorized representative shall enter 'the Czech Republic' and 'Ceuta and Melilla' in box 2 of movement certificates EUR.1. In addition, in the case of products originating in Ceuta and Melilla, this shall be indicated in box 4 of movement certificates EUR.1.
5. The Spanish customs authorities shall be responsible for the application of this Protocol in Ceuta and Melilla.

TITLE V FINAL PROVISIONS

Article 33

Amendments to the Protocol

The Association Council shall examine at two-yearly intervals, or whenever the Czech Republic or the Community so request, the application of the provisions of this Protocol, with a view to making any necessary amendments or adaptations.

Such examination shall take into account in particular the participation of the contracting parties in free trade zones or customs unions with third countries.

Article 34

Customs Cooperation Committee

1. A Customs Cooperation Committee shall be set up, charged with carrying out administrative cooperation with a view to the correct and uniform application of this Protocol and with carrying out any other task in the customs field which may be entrusted to it.
2. The Committee shall be composed, on the one hand, of experts of the Member States and of officials of the departments of the Commission of the European Communities who are responsible for customs questions and, on the other hand, of experts nominated by the Czech Republic.

Article 35

Petroleum products

The products set out in Annex VI shall be temporarily excluded from the scope of this Protocol. Nevertheless, the arrangements regarding administrative cooperation shall apply, *mutatis mutandis*, to these products.

Article 36

Annexes

The Annexes to this Protocol shall form an integral part thereof.

Article 37

Implementation of the Protocol

The Community and the Czech Republic shall each take the steps necessary to implement this Protocol.

Article 38

Arrangements with Poland, Hungary and the Slovak Republic

The Contracting Parties shall take any measures necessary for the conclusion of arrangements with Poland, Hungary and the Slovak Republic enabling this Protocol to be applied. The Contracting Parties shall notify each other of measures taken to this effect.

Article 39

Goods in transit or storage

The provisions of the Agreement may be applied to goods which comply with the provisions of this Protocol and which on the date of entry into force of the Agreement are either in transit or are in the Community or in the Czech Republic, in temporary storage in bonded warehouses or in free zones, subject to the submission to the customs authorities of the importing State, within four months of that date, of a certificate EUR.1 endorsed retrospectively by the competent authorities of the exporting State together with the documents showing that the goods have been transported directly.

ANNEX I

NOTES

Foreword

These notes shall apply, where appropriate, to all manufactured products using non-originating materials, even if they are not subject to specific conditions contained in the list in Annex II but are subject instead to the change of heading rule set out in Article 5 (1).

Note 1

1.1. The first two columns in the list describe the product obtained. The first column gives the heading number or chapter number used in the Harmonized System and the second column gives the description of goods used in that system for that heading or chapter. For each entry in the first two columns a rule is specified in column 3. Where, in some cases, the entry in the first column is preceded by an 'ex', this signifies that the rule in column 3 applies only to the part of that heading or chapter as described in column 2.

1.2. Where several heading numbers are grouped together in column 1 or a chapter number is given and the description of products in column 2 is therefore given in general terms, the adjacent rule in column 3 applies to all products which, under the Harmonized System, are classified in headings of the chapter or in any of the headings grouped together in column 1.

1.3. Where there are different rules in the list applying to different products within a heading, each indent contains the description of that part of the heading covered by the adjacent rule in column 3.

Note 2

2.1. The term 'manufacture' covers any kind of working or processing including 'assembly' or specific operations. However, see Note 3.5 below.

2.2. The term 'material' covers any ingredient, raw material, component or part, etc., used in the manufacture of the product.

2.3. The term 'product' refers to the product being manufactured, even if it is intended for later use in another manufacturing operation.

2.4. The term 'goods' covers both materials and products.

Note 3

3.1. In the case of any heading not in the list or any part of a heading that is not in the list, the 'change of heading' rule set out in Article 5 (1) applies. If a 'change of heading' condition applies to any entry in the list, then it is contained in the rule in column 3.

3.2. The working or processing required by a rule in column 3 has to be carried out only in relation to the non-originating materials used. The restrictions contained in a rule in column 3 likewise apply only to the non-originating materials used.

3.3. Where a rule states that 'materials of any heading' may be used, materials of the same heading as the product may also be used, subject, however, to any specific limitations which may also be contained in the rule. However, the expression 'manufacture from materials of any heading, including other materials of heading No . . . ' means that only materials classified in the same heading as the product of a different description than that of the product as given in column 2 of the list may be used.

3.4. If a product made from non-originating materials which has acquired originating status during manufacture by virtue of the change of heading rule or its own list rule is used as a material in the process of manufacture of another product, then the rule applicable to the product in which it is incorporated does not apply to it.

For example:

An engine of heading No 8407, for which the rule states that the value of the non-originating

materials which may be incorporated may not exceed 40 % of the ex-works price, is made from 'other alloy steel roughly shaped by forging' of heading No 7224.

If this forging has been forged in the country concerned from a non-originating ingot then the forging has already acquired origin by virtue of the rule for heading No ex 7224 in the list. It can then count as originating in the value calculation for the engine regardless of whether it was produced in the same factory or another. The value of the non-originating ingot is thus not taken into account when adding up the value of the non-originating materials used.

3.5. Even if the change of heading rule or the other rules contained in the list are satisfied, a product shall not acquire originating status if the processing carried out, taken as a whole, is insufficient within the meaning of Article 5 (3).

3.6. The unit of qualification for the application of the origin rules shall be the particular product which is considered as the basic unit when determining classification using the nomenclature of the Harmonized System. In the case of sets of products which are classified by virtue of General Rule 3 for the interpretation of the Harmonized System, the unit of qualification shall be determined in respect of each item in the set: this provision is equally applicable to sets of headings Nos 6308, 8206 and 9605.

Accordingly, it follows that:

- when a product composed of a group or assembly of articles is classified under the terms of the Harmonized System in a single heading, the whole constitutes the unit of qualification,
- when a consignment consists of a number of identical products classified under the same heading of the Harmonized System, each product must be taken individually when applying the origin rules,
- where, under General Rule 5 of the Harmonized System, packing is included with the product for classification purposes, it shall be included for the purposes of determining origin.

Note 4

4.1. The rule in the list represents the minimum amount of working or processing required and the carrying out of more working or processing also confers originating status; conversely, the carrying out of less working or processing cannot confer origin. Thus if a rule says that non-originating material at a certain level of manufacture may be used, the use of such material at an earlier stage of manufacture is allowed and the use of such material at a later stage is not.

4.2. When a rule in the list specifies that a product may be manufactured from more than one material, this means that any one or more materials may be used. It does not require that all be used.

For example:

The rule for fabrics says that natural fibres may be used and that chemical materials, among other materials, may also be used. This does not mean that both have to be used; one can use one or the other or both.

If, however, a restriction applies to one material and other restrictions apply to other materials in the same rule, then the restrictions only apply to the materials actually used.

For example:

The rule for sewing machines specifies that both the thread tension mechanism used and the zigzag mechanism used must originate; these two restrictions only apply if the mechanisms concerned are actually incorporated into the sewing machine.

4.3. When a rule in the list specifies that a product must be manufactured from a particular material, the condition obviously does not prevent the use of other materials which, because of their inherent nature, cannot satisfy the rule.

For example:

The rule for heading No 1904 which specifically excludes the use of cereals or their

derivatives does not prevent the use of mineral salts, chemicals and other additives which are not produced from cereals.

For example:

In the case of an article made from non-woven materials, if the use of only non-originating yarn is allowed for this class of article, it is not possible to start from non-woven cloth - even if non-woven cloths cannot normally be made from yarn. In such cases, the starting material would normally be at the stage before yarn - that is the fibre stage.

See also Note 7.3 in relation to textiles.

4.4. If in a rule in the list two or more percentages are given for the maximum value of non-originating materials that can be used, then these percentages may not be added together. The maximum value of all the non-originating materials used may never exceed the highest of the percentages given. Furthermore, the individual percentages must not be exceeded in relation to the particular materials they apply to.

Note 5

5.1. The term 'natural fibres' is used in the list to refer to fibres other than artificial or synthetic fibres and is restricted to the stages before spinning takes place, including waste, and, unless otherwise specified, the term 'natural fibres' includes fibres that have been carded, combed or otherwise processed but not spun.

5.2. The term 'natural fibres' includes horsehair of heading No 0503, silk of heading Nos 5002 and 5003 as well as the wool fibres, fine or coarse animal hair of heading Nos 5101 to 5105, the cotton fibres of heading Nos 5201 to 5203 and the other vegetable fibres of heading Nos 5301 to 5305.

5.3. The terms 'textile pulp', 'chemical materials' and 'paper-making materials' are used in the list to describe the materials not classified in chapters 50 to 63, which can be used to manufacture artificial, synthetic or paper fibres or yarns.

5.4. The term 'man-made staple fibres' is used in the list to refer to synthetic or artificial filament tow, staple fibres or waste, of headings Nos 5501 to 5507.

Note 6

6.1. In the case of the products classified within those headings in the list to which a reference is made to this Note, the conditions set out in column 3 of the list shall not be applied to any basic textile materials used in their manufacture which, taken together, represent 10 % or less of the total weight of all the basic textile materials used (but see also Notes 6.3 and 6.4 below).

6.2. However, this tolerance may only be applied to mixed products which have been made from two or more basic textile materials.

The following are the basic textile materials:

- silk,
- wool,
- coarse animal hair,
- fine animal hair,
- horsehair,
- cotton,
- paper-making materials and paper,
- flax,
- true hemp,
- jute and other textile bast fibres,

- sisal and other textile fibres of the genus Agave,
- coconut, abaca, ramie and other vegetable textile fibres,
- synthetic man-made filaments,
- artificial man-made filaments,
- synthetic man-made staple fibres,
- artificial man-made staple fibres.

For example:

A yarn of heading No 5205 made from cotton fibres of heading No 5203 and synthetic staple fibres of heading No 5506 is a mixed yarn. Therefore, non-originating synthetic staple fibres that do not satisfy the origin rules (which require manufacture from chemical materials or textile pulp) may be used up to a weight of 10 % of the yarn.

For example:

A woollen fabric of heading No 5112 made from woollen yarn of heading No 5107 and synthetic yarn of staple fibres of heading No 5509 is a mixed fabric. Therefore synthetic yarn which does not satisfy the origin rules (which require manufacture from chemical materials or textile pulp) or woollen yarn that does not satisfy the origin rules (which require manufacture from natural fibres, not carded or combed or otherwise prepared for spinning) or a combination of the two may be used up to a weight of 10 % of the fabric.

For example:

Tufted textile fabric of heading No 5802 made from cotton yarn of heading No 5205 and cotton fabric of heading No 5210 is only a mixed product if the cotton fabric is itself a mixed fabric being made from yarns classified in two separate headings or if the cotton yarns used are themselves mixtures.

For example:

If the tufted textile fabric concerned had been made from cotton yarn of heading No 5205 and synthetic fabric of heading No 5407, then, obviously, the yarns used are two separate basic textile materials and the tufted textile fabric is accordingly a mixed product.

For example:

A carpet with tufts made from both artificial yarns and cotton yarns and with a jute backing is a mixed product because three basic textile materials are used. Thus, any non-originating materials that are at a later stage of manufacture than the rule allows may be used, provided their total weight taken together does not exceed 10 % of the weight of the textile materials in the carpet. Thus, both the jute backing and/or the artificial yarns could be imported at that stage of manufacture, provided the weight conditions are met.

6.3. In the case of fabrics incorporating 'yarn made of polyurethane segmented with flexible segments of polyether whether or not gimped' this tolerance is 20 % in respect of this yarn.

6.4. In the case of fabrics incorporating strip consisting of a core of aluminium foil or of a core of plastic film whether or not coated with aluminium powder, of a width not exceeding 5 mm, sandwiched by means of an adhesive between two films of plastic film, this tolerance is 30 % in respect of this strip.

Note 7

7.1. In the case of those textile products which are marked in the list by a footnote referring to this note, textile materials with the exception of linings and interlinings which do not satisfy the rule set out in the list in column 3 for the made up products concerned may be used provided that they are classified in a heading other than that of the product and that their value does not exceed 8 % of the ex-works price of the product.

7.2. Any non-textile trimmings and accessories or other materials used which contain textiles do not have to satisfy the conditions set out in column 3 even though they fall outside the

scope of Note 4.3.

7.3. In accordance with Note 4.3, any non-originating non-textile trimmings and accessories or other product, which do not contain any textiles, may, anyway, be used freely where they cannot be made from the materials listed in column 3.

For example:

If a rule in the list says that for a particular textile item, such as a blouse, yarn must be used, this does not prevent the use of metal items, such as buttons, because they cannot be made from textile materials.

7.4. Where a percentage rule applies, the value of trimmings and accessories must be taken into account when calculating the value of the non-originating materials incorporated.

ANNEX II

>TABLE POSITION>

ANNEX III

MOVEMENT CERTIFICATES EUR.1

1. Movement certificates EUR.1 shall be made out on the form of which a specimen appears in this Annex. This form shall be printed in one or more of the languages in which the Agreement is drawn up. Certificates shall be made out in one of these languages and in accordance with the provisions of the domestic law of the exporting State. If they are handwritten, they shall be completed in ink and in capital letters.

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

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

MOVEMENT CERTIFICATE

>START OF GRAPHIC>

1. Exporter (Name, full address, country)

3. Consignee (Name, full address, country) (Optional)

EUR.1 No A 000.000

See notes overleaf before completing this form

2. Certificate used in preferential trade between

.....

and

.....

(Insert appropriate countries, groups of countries or territories)

4. Country, group of countries or territory in which the products are considered as originating
5. Country, group of countries or territory of destination
6. Transport details (Optional)
7. Remarks
8. Item number; Makes and numbers; Number and kind of packages ⁽¹⁾; Description of goods

9. Gross
weight (kg)
or other
measure
(litres,
m³, etc.)

10. Invoices
(Optional)

11. CUSTOMS ENDORSEMENT

Declaration certified

Export document ⁽²⁾

Form No

Customs office

Issuing country or territory

.....

.....

Date

Stamp

12. DECLARATION BY THE EXPORTER

I, the undersigned, declare that the goods described above meet the conditions required for the issue of this certificate.

Place and date

.....

(Signature)

.....

(Signature)

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

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

13. REQUEST FOR VERIFICATION, to:

14. RESULT OF VERIFICATION

Verification carried out shows that this certificate ⁽¹⁾

☐

was issued by the customs office indicated and that the information contained therein is accurate

☐

does not meet the requirements as to authenticity and accuracy (see remarks appended)

Verification of the authenticity and accuracy of this certificate is requested

.....

(Place and date)

.....

(Place and date)

Stamp Stamp

(Signature)

.....

(Signature) ⁽¹⁾ Insert X in the appropriate box. NOTES

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

APPLICATION FOR A MOVEMENT CERTIFICATE

>START OF GRAPHIC<

1. Exporter (Name, full address, country)
3. Consignee (Name, full address, country) (Optional)

EUR.1 No A 000.000

See notes overleaf before completing this form

2. Application for a certificate to be used in preferential trade between

.....

and

.....

(Insert appropriate countries, groups of countries or territories)

4. Country, group of countries or territory in which the products are considered as originating
5. Country, group of countries or territory of destination
6. Transport details (Optional)
7. Remarks

8. Item number; Makes and numbers; Number and kind of packages (¹); Description of goods

9. Gross weight (kg)

or other

measure

(litres,

m³, etc.)

10. Invoices

(Optional)

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

DECLARATION BY THE EXPORTER

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

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

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

.....

.....

.....

.....

SUBMIT the following supporting documents (¹):

.....

.....

.....

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

.....
(Place and date)

.....
(Signature)

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

END OF GRAPHIC>

ANNEX IV

FORM EUR.2

1. Form EUR.2 shall be made out on the form of which a specimen appears in this Annex. This form shall be printed in one or more of the languages in which the Agreement is drawn up. Forms shall be made out in one of these languages and in accordance with the provisions of the domestic law of the exporting State. If they are handwritten, they shall be completed in ink and in capital letters.

2. Each Form EUR.2 shall measure 210 × 148 mm; a maximum tolerance of up to minus 5 mm or plus 8 mm in the length may be allowed. The paper used must be white, sized for writing, not containing mechanical pulp and weighing not less than 64 g/m².

3. The competent authorities of the Member States of the Community and of the Czech Republic may reserve the right to print the forms themselves or may have them printed by approved printers. In the latter case each form must include a reference to such approval. Each form must bear the name and address of the printer or a mark by which the printer can be identified. It shall also bear a serial number, either printed or not, by which it can be identified.

>START OF GRAPHIC>

FORM EUR.2 No

1

Form used in preferential trade

between (¹) and 2

Exporter (Name, full address, country)

3

Declaration by exporter

I, the undersigned, exporter of the goods described below, declare that the goods comply with the requirements for the completion of this form and that the goods have obtained the status of originating products within the provisions governing preferential trade shown in box 1.

4

Consignee (Name, full address, country)

5

Place and date

6

Signature of exporter

7

Remarks (2)

8

Country of origin (3)

9

Country of destination (4)

10

Gross weight (kg)

11

Marks; Numbers of consignment; Description of goods

12

Authority in the exporting country (4) responsible for verification of the declaration by the exporter

(1) Insert the countries, groups of countries or territories concerned.

(2) Refer to any verification already carried out by the appropriate authorities.

(3) The term 'country of origin' means country, group of countries or territory where the goods are considered to be originating.

(4) The term 'country' means country, group of countries or territory of destination.(RECTO)

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

13

Request for verification

14

Result of verification

The verification of the declaration by the exporter on the front of this form is requested (*)

Verification carried out shows that (1)

O

the statements and particulars given in this form are accurate

O

this form does not meet the requirements as to accuracy and authenticity (see remarks appended)

.....,

(Place and date)

.....

Stamp

19

.....,

(Place and date)

.....

Stamp

19

.....

(Signature)

.....

(Signature)

(1) Insert X in the appropriate box.

(*) Subsequent verifications of forms EUR.2 shall be carried out at random or whenever the customs authorities of the importing State have reasonable doubt as to the accuracy of the information regarding the authenticity of the forms and the true origin of the goods in

question. Instructions for the completion of form EUR.2

1. A form EUR.2 may be made out only for goods which in the exporting country fulfil the conditions specified by the provisions governing the trade referred to in box 1. These provisions must be studied carefully before the form is completed.
 2. In the case of a consignment by parcel post the exporter attaches the form to the dispatch note. In the case of a consignment by letter post he encloses the form in a package. The reference 'EUR.2' and the serial number of the form should be stated on the customs green label declaration C1 or on the customs declaration C2/CP3, as appropriate.
 3. These instructions do not exempt the exporter from complying with any other formalities required by customs or postal regulations.
 4. An exporter who uses this form is obliged to submit to the appropriate authorities any supporting evidence which they may require and to agree to any inspection by them of his accounts and of the processes of manufacture of the goods described in box 11 of this form.
- (VERSO)>END OF GRAPHIC>

ANNEX V

Specimen impression of the stamp mentioned in Article 16 (3) (b)

>START OF GRAPHIC>

JHH

30 mm

HHj

JHH

30 mm

HHj

(¹)

EUR.1

(²)

(¹) Initials or coat of arms of the exporting State.

(²) Such information as is necessary for the identification of the approved exporter.>END OF GRAPHIC>

ANNEX VI

>TABLE POSITION>

PROTOCOL 5 to the Europe Agreement ('the Agreement')

CHAPTER I Specific provisions relating to trade between Spain and the Czech Republic

Article 1

The provisions of the Agreement relating to trade in Title III shall be amended as follows in order to take account of the measures and undertakings listed in the Act of Accession of the Kingdom of Spain and of the Portuguese Republic to the European Communities (hereinafter called 'the Act of Accession').

Article 2

Under the Act of Accession Spain shall not grant to products originating in the Czech Republic more favourable treatment than it provides for imports originating or in free circulation in other Member States.

Article 3

Quantitative restrictions may be applied to imports into Spain of products originating in the Czech Republic until 31 December 1995 in respect of the products listed in Annex A.

Article 4

Application of the provisions of this Protocol shall be without prejudice to Council Regulation (EEC) No 1911/91 of 26 June 1991 on the application of the provisions of Community law to the Canary Islands or Council Decision 91/314/EEC of 26 June 1991 setting up a programme of options specific to the remote and insular nature of the Canary Islands (Poseican).

CHAPTER II Specific provisions relating to trade between Portugal and the Czech Republic

Article 5

The provisions of the Agreement relating to trade in Title III shall be amended as follows in order to take account of the measures and undertakings listed in the Act of Accession.

Article 6

Under the Act of Accession Portugal shall not grant the Czech Republic more favourable treatment than is provided for imports originating in other Member States.

Article 7

Quantitative restrictions may be applied to imports into Portugal of products originating in the Czech Republic until 31 December 1995 in respect of the products in Annex B.

ANNEX A

>TABLE POSITION>

ANNEX B

0103 10 00

0103 91 10

0103 92 11

0103 92 19

0701 10 00

0701 90 10

0701 90 51

0701 90 59

0803 00 10

0803 00 90

0804 30 00
2204 21 10
2204 21 21
2204 21 23
2204 21 25
2204 21 29
2204 21 31
2204 21 33
2204 21 35
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2204 29 23
2204 29 25
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2204 29 31
2204 29 33
2204 29 35
2204 29 39

PROTOCOL 6 on mutual assistance in customs matters

Article 1

Definitions

For the purposes of this Protocol:

- (a) customs legislation: shall mean provisions applicable in the territories of the Contracting Parties governing the import, export, transit of goods and their placing under any other customs procedure, including measures of prohibition, restriction and control adopted by the said Parties;
- (b) customs duties: shall mean all duties, taxes, fees or any other charges which are levied and collected in the territories of the Contracting Parties, in application of customs legislation, but not including fees and charges which are limited in amount to the approximate costs of services rendered;
- (c) applicant authority: shall mean a competent administrative authority which has been appointed by a Contracting Party for this purpose and which makes a request for assistance in customs matters;
- (d) requested authority: shall mean a competent administrative authority which has been appointed by a Contracting Party for this purpose and which receives a request for assistance in customs matters;
- (e) contravention: shall mean any violation of the customs legislation as well as any attempted violation of such legislation.

Article 2

Scope

1. The Contracting Parties shall assist each other, in the manner and under the conditions laid down in this Protocol, in ensuring that customs legislation is correctly applied, in particular by the prevention, detection and investigation of contraventions of this legislation.
2. Assistance in customs matters, as provided for in this Protocol, applies to any administrative authority of the Contracting Parties which is competent for the application of

this Protocol. It shall not prejudice the rules governing mutual assistance in criminal matters. Nor shall it cover information obtained under powers exercised at the request of the judicial authority, unless those authorities so agree.

Article 3

Assistance on request

1. At the request of the applicant authority, the requested authority shall furnish it with all relevant information to enable it to ensure that customs legislation is correctly applied, including information regarding operations noted or planned which contravene or would contravene such legislation.
2. At the request of the applicant authority, the requested authority shall inform it whether goods exported from the territory of one of the Contracting Parties have been properly imported into the territory of the other Party, specifying, where appropriate, the customs procedure applied to the goods.
3. At the request of the applicant authority, the requested authority shall take the necessary steps to ensure that a surveillance is kept on:
 - (a) natural or legal persons of whom there are reasonable grounds for believing that they are contravening or have contravened customs legislation;
 - (b) movement of goods notified as possibly giving rise to substantial contraventions of customs legislation;
 - (c) means of transport for which there are reasonable grounds for believing that they have been, are or may be used in the contravening of customs legislation.

Article 4

Spontaneous assistance

The Contracting Parties shall within their competences provide each other with assistance if they consider that to be necessary for the correct application of customs legislation, particularly when they obtain information pertaining to:

- operations which have contravened, contravene or would contravene such legislation and which may be of interest to other Contracting Parties;
- new means or methods employed in realizing such operations;
- goods known to be subject to substantial contravention of customs legislation on import, export, transit or any other customs procedure.

Article 5

Delivery/Notification

At the request of the applicant authority, the requested authority shall in accordance with its legislation take all necessary measures in order:

- to deliver all documents, and
- to notify all decisions

falling within the scope of this Protocol to an addressee, residing or established in its territory. In such a case Article 6 (3) is applicable.

Article 6

Form and substance of requests for assistance

1. Requests pursuant to this Protocol shall be made in writing. Documents necessary for the execution of such requests shall accompany the request. When required because of the urgency of the situation, oral requests may be accepted, but must be confirmed in writing immediately.
2. Requests pursuant to paragraph 1 shall include the following information:

- (a) the applicant authority making the request;
 - (b) the measure requested;
 - (c) the object of and the reason for the request;
 - (d) the laws, rules, and other legal elements involved;
 - (e) indications as exact and comprehensive as possible on the natural or legal persons being the target of the investigations;
 - (f) a summary of the relevant facts, except in cases provided for in Article 5.
3. Requests shall be submitted in an official language of the requested authority or in a language acceptable to such authority.
4. If a request does not meet the formal requirements, its correction or completion may be demanded; the ordering of precautionary measures may, however, take place.

Article 7

Execution of requests

1. In order to comply with a request for assistance, the requested authority or, when the latter cannot act on its own, the administrative department to which the request has been addressed by this authority, shall proceed, within its competence and available resources, as though it were acting on its own account or at the request of other authorities of that same Contracting Party, by supplying information already possessed, by carrying out appropriate enquiries or by arranging for them to be carried out.
2. Requests for assistance will be executed in accordance with the laws, rules, and other legal instruments of the requested Contracting Party.
3. Duly authorized officials of a Contracting Party may, with the agreement of the other Contracting Party involved and within the conditions laid down by the latter, obtain from the offices of the requested authority or other authority for which the requested authority is responsible, information relating to the contravention of customs legislation which the applicant authority needs for the purposes of this Protocol.
4. Officials of a Contracting Party may, with the agreement of the other Contracting Party, be present at enquiries carried out in the latter's territory.

Article 8

Form in which information is to be communicated

1. The requested authority shall communicate results of enquiries to the applicant authority in the form of documents, certified copies of documents, reports and the like.
2. The documents provided for in paragraph 1 may be replaced by computerized information produced in any form for the same purpose.

Article 9

Exceptions to the obligation to provide assistance

1. The Contracting Parties may refuse to give assistance as provided for in this Protocol, where to do so would:
- (a) be likely to prejudice sovereignty, public policy (*l'ordre publique*), security or other essential interests; or
 - (b) involve currency or tax regulations other than regulations concerning customs duties; or
 - (c) violate an industrial, commercial or professional secret.
2. Where the applicant authority asks for assistance which it would itself be unable to provide if so asked, it shall draw attention to that fact in its request. It shall then be left to the requested authority to decide how to respond to such a request.
3. If assistance is withheld or denied, the decision and the reasons therefore must be notified to the applicant authority without delay.

Article 10

Obligation to observe confidentiality

1. Any information communicated in whatsoever form pursuant to this Protocol shall be of a confidential nature. It shall be covered by the obligation of official secrecy and shall enjoy the protection extended under the relevant laws applicable in the Contracting Party which received it and the corresponding provisions applying to the Community authorities.
2. Nominative data shall not be transmitted whenever there are reasonable grounds to believe that the transfer or the use made of the data transmitted would be contrary to the basic legal principles of one of the Parties, and, in particular, if the person concerned would suffer undue disadvantages. Upon request, the receiving Party shall inform the furnishing Party of the use made of the information supplied and of the results achieved.
3. Nominative data may only be transmitted to customs authorities and, in the case of need for prosecution purposes, to public prosecution and judicial authorities. Other persons or authorities may obtain such information only upon previous authorization by the furnishing authority.
4. The furnishing Party shall verify the accuracy of the information to be transferred. Whenever it appears that the information supplied was inaccurate or to be deleted, the receiving Party shall be notified without delay. The latter shall be obliged to carry out the correction or deletion.
5. Without prejudice to cases of prevailing public interest, the person concerned may obtain, upon request, information on the data stores and the purpose of this storage.

Article 11

Use of information

1. Information obtained shall be used solely for the purposes of this Protocol and may be used within each Contracting Party for other purposes only with the prior written consent of the administrative authority which furnished the information and shall be subject to any restrictions laid down by that authority. These provisions are not applicable to information concerning offences relating to narcotic drugs and psychotropic substances. Such information may be communicated to other authorities directly involved in the combatting of illicit drug traffic, within the limits of Article 2.
2. Paragraph 1 shall not impede the use of information in any judicial or administrative proceedings subsequently instituted for failure to comply with customs legislation.
3. The Contracting Parties may, in their records of evidence, reports and testimonies and in proceedings and charges brought before the courts, use as evidence information obtained and documents consulted in accordance with the provisions of this Protocol.

Article 12

Experts and witnesses

An official of a requested authority may be authorized to appear, within the limitations of the authorization granted, as expert or witness in judicial or administrative proceedings regarding the matters covered by this Protocol in the jurisdiction of another Contracting Party, and produce such objects, documents or authenticated copies thereof, as may be needed for the proceedings. The request for an appearance must indicate specifically on what matter and by virtue of what title or qualification the official will be questioned.

Article 13

Assistance expenses

The Contracting Parties shall waive all claims on each other for the reimbursement of

expenses incurred pursuant to this Protocol, except, as appropriate, for expenses to experts and witnesses and to interpreters and translators who are not dependent upon public services.

Article 14

Implementation

1. The management of this Protocol shall be entrusted to the central customs authorities of the Czech Republic on the one hand, and the competent services of the Commission and, where appropriate, the customs authorities of the Member States on the other. They shall decide on all practical measures and arrangements necessary for its application, taking into consideration rules in the field of data protection. They may recommend to the competent bodies amendments which they consider should be made to this Protocol.
2. The Contracting Parties shall consult each other and subsequently keep each other informed of the detailed rules of implementation which are adopted in accordance with the provisions of this Article.

Article 15

Complementarity

1. This Protocol shall complement and not impede application of any agreements on mutual assistance which have been concluded or may be concluded between individual or several Member States and the Czech Republic. Nor shall it preclude more extensive mutual assistance granted under such agreements.
2. Without prejudice to Article 11, these agreements do not prejudice Community provisions governing the communication between the competent services of the Commission and the customs authorities of the Member States of any information obtained in customs matters which could be of Community interest.

PROTOCOL 7 on concessions with annual limits

The Parties agree that if the Agreement comes into force after 1 January in any year, any concessions given within the limits of annual quantities shall be adjusted to deduct therefrom the amount of products imported during that year originally in the Czech Republic in accordance with the provisions of Protocol 4 of the Interim Agreement signed between the Community and the Czech and Slovak Federal Republic on 16 December 1991 as amended by the Supplementary Protocols between the Community and each of the Czech Republic and Slovak Republic.

PROTOCOL 8 on the succession of the Czech Republic in respect of the exchanges of letters between the European Economic Community (Community) and the Czech and Slovak Federal Republic concerning transit and land transport infrastructure

Whereas upon the signature on 16 December 1991 of the Europe Agreement and the Interim Agreement between the European Communities and its Member States on the one hand and the Czech and Slovak Federal Republic on the other hand, exchanges of letters in the form annexed hereto were signed between the European Economic Community on the one hand and the Czech and Slovak Federal Republic on the other hand;

Whereas these exchanges of letters were amended by the exchanges of letters signed on 19 February 1992 between the European Economic Community on the one hand and the Czech

and Slovak Federal Republic on the other hand annexed hereto;

Whereas the Czech Republic has declared, in a letter to the President of the Commission of the European Communities of 15 December 1992 that it 'shall assume all the obligations resulting from all the agreements between the Czech and Slovak Federal Republic and the European Communities';

Whereas the Czech Republic is, as of 1 January 1993, a successor State to the Czech and Slovak Federal Republic;

Whereas the Czech Republic undertakes not to worsen the conditions of land transit in comparison to the situation which prevailed under the abovementioned exchange of letters in the Czech and Slovak Federal Republic;

The Czech Republic and the Community agree as follows:

Article 1

The Community on the one hand and the Czech Republic on the other hand assume all rights and obligations of the Community on the one hand and the former Czech and Slovak Federal Republic on the other hand contained in the aforementioned exchanges of letters.

Article 2

The Czech Republic undertakes to issue such a number of permits as provided for in the exchange of letters concerning transit mentioned above. The permits shall be valid (as of 1994) only on the territory of the Czech Republic. The Czech Republic shall issue a permit regularly to a holder of a permit issued by the Slovak Republic under the abovementioned exchange of letters, limited to the maximum number foreseen under the abovementioned exchange of letters.

Article 3

The amount of administrative charges, taxes and other possible fees imposed on a taxable permit by the Czech Republic under the exchange of letter mentioned above shall not exceed 9 250 Czech crowns.

Article 4

The Czech Republic declares that, in order not to create less favourable conditions for transit than prevailed under the abovementioned exchange of letters for Community hauliers, it will take all possible measures to prevent unnecessary delays for Community hauliers as a result of checks on the borders between the Czech Republic and the Slovak Republic.

ANNEX I

Exchange of letters between the European Economic Community and the Czech and Slovak Federal Republic concerning transit

A. Letter from the Czech and Slovak Federal Republic

Sir,

During the negotiations of the Europe Agreement between the European Communities and their Member States and the Czech and Slovak Federal Republic (CSFR), the following agreement was reached:

1. the Parties to the Europe Agreement shall not take any measures which would prejudice the situation resulting from the application of the existing bilateral agreements between the Member States of the Community and the CSFR;

2. more particularly, within the framework of a global solution to the problems of transit through the CSFR for those Member States of the Community most directly concerned, the CSFR hereby grants 2 000 additional taxable permits in 1991 in addition to the existing quota granted pursuant to the bilateral agreements for 1991. Furthermore the CSFR shall grant in 1992, 1993 and 1994, in addition to the existing quota granted prior hereto pursuant to the bilateral agreements for 1991, including the previously mentioned 2 000 permits, permits in the following way:

>TABLE POSITION>

Combined transport permits are to be used by lorries to cross CSFR territory by CSFR railroads in the form of 'rolling roads', on the condition that the costs and time involved in this mode of transport will be comparable to those of road transit operations with taxes. For the number of permits for which these conditions cannot be met, the CSFR shall provide taxable transit permits. All abovementioned transit permits are of a round-trip character.

In 1995 and in subsequent years, until the entry into force of a bilateral transport agreement between the Community and the CSFR, the CSFR shall increase the number of untaxed, taxable and combined transport licences with the same rates as in 1994.

I should be obliged if you would confirm the agreement of the European Economic Community to the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

For the Government of the Czech and Slovak Federal Republic

B. Letter from the Community

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows: 'During the negotiations of the Europe Agreement between the European Communities and their Member States and the Czech and Slovak Federal Republic (CSFR), the following agreement was reached:

1. the Parties to the Europe Agreement shall not take any measures which would prejudice the situation resulting from the application of the existing bilateral agreements between the Member States of the Community and the CSFR;

2. more particularly, within the framework of a global solution to the problems of transit through the CSFR for those Member States of the Community most directly concerned, the CSFR hereby grants 2 000 additional taxable permits in 1991 in addition to the existing quota granted pursuant to the bilateral agreements for 1991. Furthermore the CSFR shall grant in 1992, 1993 and 1994, in addition to the existing quota granted prior hereto pursuant to the bilateral agreements for 1991, including the previously mentioned 2 000 permits, permits in the following way:

>TABLE POSITION>

Combined transport permits are to be used by lorries to cross CSFR territory by CSFR railroads in the form of "rolling roads", on the condition that the costs and time involved in this mode of transport will be comparable to those of road transit operations with taxes. For the number of permits for which these conditions cannot be met, the CSFR shall provide taxable transit permits. All abovementioned transit permits are of a round-trip character.

In 1995 and in subsequent years, until the entry into force of a bilateral transport agreement between the Community and the CSFR, the CSFR shall increase the number of untaxed, taxable and combined transport licences with the same rates as in 1994.

I should be obliged if you would confirm the agreement of the European Economic Community to the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

I have the honour to confirm that the Community is in agreement with the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Council of the European Communities

Exchange of letters between the European Economic Community and the Czech Republic concerning land transport infrastructure

A. Letter from the Community

Sir,

I have the honour of confirming to you herewith the position of the Community, expressed during their negotiations of the Europe Agreement between the European Communities and their Member States and the Czech Republic, that the Community shall, within the framework of the financial mechanisms provided for in the Agreement, provide, as appropriate, financing for the improvement of land transport infrastructure, including combined transport.

I should be obliged if you would confirm the agreement of the Czech Republic to the content of this letter.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Council of the European Communities

B. Letter from the Czech Republic

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

'I have the honour of confirming to you herewith the position of the Community, expressed during their negotiations of the Europe Agreement between the European Communities and their Member States and the Czech Republic, that the Community shall, within the framework of the financial mechanisms provided for in the Agreement, provide, as appropriate, financing for the improvement of land transport infrastructure, including combined transport.

I should be obliged if you would confirm the agreement of the Czech Republic to the content of this letter.'

I have the honour to confirm that my government is in agreement with the contents of your letter.

Please accept, Sir, the assurance of my highest consideration.

For the Government of the Czech Republic

ANNEX II

AGREEMENT in the form of an exchange of letters amending the exchanges of letters between the Community and Czech and Slovak Federal Republic concerning transit signed in Brussels on 16 December 1991

A. Letter from the Community

Sir,

Upon the occasion of the signatures on 16 December 1991 of the Europe Agreement between the Communities and their Member States and the Czech and Slovak Federal Republic and of the Interim Agreement on trade and trade related matters between the European Economic Community ('the Community') and the European Coal and Steel Community of the one part, and the Czech and Slovak Federal Republic, of the other part, Agreements in the form of exchanges of letters between the Community and Czechoslovakia concerning transit were signed. The Europe Agreement has not yet come into force. The Interim Agreement came into force on 1 March 1992.

Since the signature of the exchanges of letters, the Czech and Slovak Federal Republic increased the fee for taxable transit permits. This decision had consequences on the arrangements made in December concerning transit and the Parties consider it necessary to come to an agreement through the present exchange of letters, to amend the relevant provisions of the exchanges of letters signed on 16 December 1991 to take account thereof. Accordingly, I propose that the exchanges of letters signed on 16 December 1991 be amended as follows:

In paragraph 2 the following sentence shall be inserted after the first sentence of the first subparagraph: 'The fee per taxable permit is 18 500 Czechoslovak crowns.'

The following subparagraph shall be added after the second subparagraph of paragraph 2:

'Both sides agreed that if the transit situation on the territory of former Yugoslavia is not normalized they will jointly examine before the end of the year the possible changes concerning the abovementioned arrangements. Changes in the above provisions can be made by common agreement between the Parties.'

If the foregoing is acceptable to the Czech and Slovak Federal Republic, I have the honour to propose that this letter, together with Your Excellency's reply to that effect, shall constitute an amendment to the exchange of letters signed on 16 December 1991.

This Agreement is hereby approved by the Parties in accordance with their respective procedures.

This Agreement shall enter into force on the first day following that on which the Parties notify each other that the procedures mentioned in the preceding subparagraph have been completed. It shall apply with effect from 15 March 1992.

I should be obliged if you would confirm the agreement of the Government of the Czech and Slovak Federal Republic to the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Council of the European Communities

>REFERENCE TO A FILM>

B. Letter from the Czech and Slovak Federal Republic

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

'Upon the occasion of the signatures on 16 December 1991 of the Europe Agreement between the Communities and their Member States and the Czech and Slovak Federal Republic and of the Interim Agreement on trade and trade related matters between the European Economic Community ("the Community") and the European Coal and Steel Community, of the one part, and the Czech and Slovak Federal Republic, of the other part, Agreements in the form of exchanges of letters between the Community and Czechoslovakia concerning transit were signed. The Europe Agreement has not yet come into force. The Interim Agreement came into force on 1 March 1992.'

Since the signature of the exchanges of letters, the Czech and Slovak Federal Republic increased the fee for taxable transit permits. This decision had consequences on the arrangements made in December concerning transit and the parties consider it necessary to come to an agreement through the present exchange of letters, to amend the relevant provisions of the exchanges of letters signed on 16 December 1991 to take account thereof. Accordingly, I propose that the exchanges of letters signed on 16 December 1991 be amended as follows:

In paragraph 2 the following sentence shall be inserted after the first sentence of the first subparagraph: "The fee per taxable permit is 18 500 Czechoslovak crowns."

The following subparagraph shall be added after the second subparagraph of paragraph 2: "Both sides agreed that if the transit situation on the territory of former Yugoslavia is not normalized they will jointly examine before the end of the year the possible changes concerning the abovementioned arrangements. Changes in the above provisions can be made by common agreement between the Parties."

If the foregoing is acceptable to the Czech and Slovak Federal Republic, I have the honour to propose that this letter, together with Your Excellency's reply to that effect, shall constitute an amendment to the exchanges of letters signed on 16 December 1991.

This Agreement is hereby approved by the Parties in accordance with their respective procedures.

This Agreement shall enter into force on the first day following that on which the Parties notify each other that the procedures mentioned in the preceding subparagraph have been completed. It shall apply with effect from 15 March 1992.

I should be obliged if you would confirm the agreement of the Government of the Czech and Slovak Federal Republic to the contents of this letter.'

I have the honour to confirm that my Government is in agreement with the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

For the Czech and Slovak Federal Republic

>REFERENCE TO A FILM>

AGREEMENT in the form of an exchange of letters replacing the exchanges of letters between the Community and the Czech and Slovak Federal Republic on land transport infrastructure signed in Brussels on 16 December 1991

A. Letter from the Community

Sir,

Upon the occasion of the signature on 16 December 1991 of the Interim Agreement on trade and trade related matters between the European Economic Community ('the Community') and the European Coal and Steel Community, of the one part, and the Czech and Slovak Federal Republic, of the other part, an Agreement in the form of an exchange of letters between the Community and Czechoslovakia concerning land transport infrastructure was signed. The Interim Agreement came into force on 1 March 1992.

Since the signature of the exchange of letters, the Czech and Slovak Federal Republic increased the fee for taxable transit permits. This law had consequences on the arrangements made in December concerning transit and the parties consider it necessary to come to an agreement through the present exchange of letters, to amend the relevant provisions of the exchange of letters signed on 16 December 1991 to take account thereof.

Accordingly, I propose that the text of the exchange of letters signed on 16 December 1991 be replaced by the following text:

'I have the honour of confirming to you herewith that the Community has full understanding of the infrastructural and environmental problems the Czech and Slovak Federal Republic is facing in the area of transport and shall, within the framework of the financial mechanisms provided for, provide, as appropriate, financing for the improvement of land transport infrastructure, including combined transport.

In this context, I take note of the Czech and Slovak Federal Republic's explanation of the urgent need for financial assistance to enable its land transport infrastructure to cope with the increased transit traffic in its territory.

The Parties agree to seek, in the context of the existing Trade and Cooperation Agreement, possible ways and means to contribute to the improvement of such infrastructure in the Czech and Slovak Federal Republic, paying special attention to border crossings and nearby areas, combined transport, transit motorways, waterways transport and environmental aspects, without prejudice to appraisal of projects according to existing procedures.

The Parties further agree to start, at their earliest convenience, discussions about possible Community financial assistance.

The Czech and Slovak Federal Republic will consider further reducing the rate of taxable permits for Community hauliers according to progress in the above discussions.'

If the foregoing is acceptable to the Czech and Slovak Federal Republic, I have the honour to propose that this letter, together with Your Excellency's reply to that effect, shall constitute the replacement of the exchange of letters signed on 16 December 1991.

This Agreement is hereby approved by the Parties in accordance with their respective procedures.

This Agreement shall enter into force on the first day following that on which the Parties notify each other that the procedures mentioned in the preceding subparagraph have been completed. It shall apply with effect from 15 March 1992.

I should be obliged if you would confirm the agreement of the Government of the Czech and Slovak Federal Republic to the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Council of the European Communities

>REFERENCE TO A FILM>

B. Letter from the Czech and Slovak Federal Republic

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

'Upon the occasion of the signature on 16 December 1991 of the Interim Agreement on trade and trade related matters between the European Economic Community ("the Community") and the European Coal and Steel Community, of the one part, and the Czech and Slovak Federal Republic, of the other part, an Agreement in the form of an exchange of letters between the Community and Czechoslovakia concerning land transport infrastructure was signed. The Interim Agreement came into force on 1 March 1992.

Since the signature of the exchange of letters, the Czech and Slovak Federal Republic increased the fee for taxable transit permits. This law had consequences on the arrangements made in December concerning transit and the Parties consider it necessary to come to an agreement through the present exchange of letters, to amend the relevant provisions of the exchange of letters signed on 16 December 1991 to take account thereof.

Accordingly, I propose that the text of the exchange of letters signed on 16 December 1991 be replaced by the following text:

"I have the honour of confirming to you herewith that the Community has full understanding of the infrastructural and environmental problems the Czech and Slovak Federal Republic is

facing in the area of transport and shall, within the framework of the financial mechanisms provided for, provide, as appropriate, financing for the improvement of land transport infrastructure, including combined transport.

In this context, I take note of the Czech and Slovak Federal Republic's explanation of the urgent need for financial assistance to enable its land transport infrastructure to cope with the increased transit traffic in its territory.

The Parties agree to seek, in the context of the existing Trade and Cooperation Agreement, possible ways and means to contribute to the improvement of such infrastructure in the Czech and Slovak Federal Republic, paying special attention to border crossings and nearby areas, combined transport, transit motorways, waterways transport and environmental aspects, without prejudice to appraisal of projects according to existing procedures.

The Parties further agree to start, at their earliest convenience, discussions about possible Community financial assistance.

The Czech and Slovak Federal Republic will consider further reducing the rate of taxable permits for Community hauliers according to progress in the above discussions."

If the foregoing is acceptable to the Czech and Slovak Federal Republic, I have the honour to propose that this letter, together with Your Excellency's reply to that effect, shall constitute the replacement of the exchange of letters signed on 16 December 1991.

This Agreement is hereby approved by the Parties in accordance with their respective procedures.

This Agreement shall enter into force on the first day following that on which the Parties notify each other that the procedures mentioned in the preceding subparagraph have been completed. It shall apply with effect from 15 March 1992.

I should be obliged if you would confirm the agreement of the Government of the Czech and Slovak Federal Republic to the contents of this letter.'

I have the honour to confirm that my Government is in agreement with the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

For the Czech and Slovak Federal Republic

>REFERENCE TO A FILM>

AGREEMENT in the form of an exchange of letters replacing the exchanges of letters between the Community and the Czech and Slovak Federal Republic on land transport infrastructure signed in Brussels on 16 December 1991

A. Letter from the Community

Sir,

Upon the occasion of the signature on 16 December 1991 of the Europe Agreement between the Communities and their Member States and the Czech and Slovak Federal Republic an Agreement in the form of an exchange of letters between the Community and Czechoslovakia concerning land transport infrastructure was signed. The Europe Agreement has not yet come into force.

Since the signature of the exchange of letters, the Czech and Slovak Federal Republic increased the fee for taxable transit permits. This law had consequences on the arrangements made in December concerning transit and the parties consider it necessary to come to an agreement through the present exchange of letters, to amend the relevant provisions of the exchange of letters signed on 16 December 1991 to take account thereof.

Accordingly, I propose that the text of the exchange of letters signed on 16 December 1991 be replaced by the following text:

'I have the honour of confirming to you herewith that the Community has full understanding of the infrastructural and environmental problems the Czech and Slovak Federal Republic is facing in the area of transport and shall, within the framework of the financial mechanisms provided for in the Europe Agreement, provide, as appropriate, financing for the improvement of land transport infrastructure, including combined transport.

In this context, I take note of the Czech and Slovak Federal Republic's explanation of the urgent need for financial assistance to enable its land transport infrastructure to cope with the increased transit traffic in its territory.

The Parties agree to seek, on the basis of this exchange of letters and referring to Article 81 in the Europe Agreement, possible ways and means to contribute to the improvement of such infrastructure in the Czech and Slovak Federal Republic, paying special attention to border crossings and nearby areas, combined transport, transit motorways, waterways transport and environmental aspects, without prejudice to appraisal of projects according to existing procedures.

The Parties further agree to start, at their earliest convenience, discussions about possible Community financial assistance.

The Czech and Slovak Federal Republic will consider further reducing the rate of taxable permits for Community hauliers according to progress in the above discussions.'

If the foregoing is acceptable to the Czech and Slovak Federal Republic, I have the honour to propose that this letter, together with Your Excellency's reply to that effect, shall constitute the replacement of the exchange of letters signed on 16 December 1991.

This Agreement is hereby approved by the Parties in accordance with their respective procedures.

This Agreement shall enter into force on the first day following that on which the Parties notify each other that the procedures mentioned in the preceding subparagraph have been completed. It shall apply with effect from 15 March 1992.

I should be obliged if you would confirm the agreement of the Government of the Czech and Slovak Federal Republic to the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Council of the European Communities

>REFERENCE TO A FILM>

B. Letter from the Czech and Slovak Republic

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

'Upon the occasion of the signature on 16 December 1991 of the Europe Agreement between the Communities and their Member States and the Czech and Slovak Federal Republic an Agreement in the form of an exchange of letters between the Community and Czechoslovakia concerning land transport infrastructure was signed. The Europe Agreement has not yet come into force.

Since the signature of the exchange of letters, the Czech and Slovak Federal Republic increased the fee for taxable transit permits. This law had consequences on the arrangements made in December concerning transit and the Parties consider it necessary to come to an agreement through the present exchange of letters, to amend the relevant provisions of the exchange of letters signed on 16 December 1991 to take account thereof.

Accordingly, I propose that the text of the exchange of letters signed on 16 December 1991 be replaced by the following text:

"I have the honour of confirming to you herewith that the Community has full understanding of the infrastructural and environmental problems the Czech and Slovak Federal Republic is

facing in the area of transport and shall, within the framework of the financial mechanisms provided for in the Europe Agreement, provide, as appropriate, financing for the improvement of land transport infrastructure, including combined transport.

In this context, I take note of the Czech and Slovak Federal Republic's explanation of the urgent need for financial assistance to enable its land transport infrastructure to cope with the increased transit traffic in its territory.

The Parties agree to seek, on the basis of this exchange of letters and referring to Article 81 in the Europe Agreement, possible ways and means to contribute to the improvement of such infrastructure in the Czech and Slovak Federal Republic, paying special attention to border crossings and nearby areas, combined transport, transit motorways, waterways transport and environmental aspects, without prejudice to appraisal of projects according to existing procedures.

The Parties further agree to start, at their earliest convenience, discussions about possible Community financial assistance.

The Czech and Slovak Federal Republic will consider further reducing the rate of taxable permits for Community hauliers according to progress in the above discussions."

If the foregoing is acceptable to the Czech and Slovak Federal Republic, I have the honour to propose that this letter, together with Your Excellency's reply to that effect, shall constitute the replacement of the exchange of letters signed on 16 December 1991.

This Agreement is hereby approved by the Parties in accordance with their respective procedures.

This Agreement shall enter into force on the first day following that on which the Parties notify each other that the procedures mentioned in the preceding subparagraph have been completed. It shall apply with effect from 15 March 1992.

I should be obliged if you would confirm the agreement of the Government of the Czech and Slovak Federal Republic to the contents of this letter.'

I have the honour to confirm that my Government is in agreement with the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

For the Czech and Slovak Federal Republic

>REFERENCE TO A FILM>

FINAL ACT

The plenipotentiaries of:

THE KINGDOM OF BELGIUM,

THE KINGDOM OF DENMARK,

THE FEDERAL REPUBLIC OF GERMANY,

THE HELLENIC REPUBLIC,

THE KINGDOM OF SPAIN,

THE FRENCH REPUBLIC,

IRELAND,

THE ITALIAN REPUBLIC,

THE GRAND DUCHY OF LUXEMBOURG,

THE KINGDOM OF THE NETHERLANDS,

THE PORTUGUESE REPUBLIC,

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

Contracting Parties to the Treaty establishing the EUROPEAN ECONOMIC COMMUNITY,

the Treaty establishing the EUROPEAN COAL AND STEEL COMMUNITY and the Treaty establishing the EUROPEAN ATOMIC ENERGY COMMUNITY, hereinafter referred to as 'Member States', and of the EUROPEAN ECONOMIC COMMUNITY, the EUROPEAN COAL AND STEEL COMMUNITY and the EUROPEAN ATOMIC ENERGY COMMUNITY, hereinafter referred to as 'the Community',

of the one part, and

the plenipotentiaries of the CZECH REPUBLIC,

of the other part,

meeting at Luxembourg, this fourth day of October in the year one thousand nine hundred and ninety-three for the signature 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 ('the Europe Agreement'), have adopted the following texts:

the Europe Agreement, and the following Protocols:

>TABLE POSITION>

The plenipotentiaries of the Member States and of the Community and the plenipotentiaries of the Czech Republic have adopted the texts of the joint declarations listed below and annexed to this Final Act:

- Joint Declaration on Article 8 (4) of the Agreement,
- Joint Declaration on Article 38 (1) of the Agreement,
- Joint Declaration on Article 38 of the Agreement,
- Joint Declaration on Article 39 of the Agreement,
- Joint Declaration on Chapter II of Title IV of the Agreement,
- Joint Declaration on Chapter III of Title IV of the Agreement,
- Joint Declaration on Article 57 (3) of the Agreement,
- Joint Declaration on Article 59 of the Agreement,
- Joint Declaration on Article 60 of the Agreement,
- Joint Declaration on Article 64 of the Agreement,
- Joint Declaration on Article 67 of the Agreement,
- Joint Declaration on Article 109 of the Agreement,
- Joint Declaration on Article 117 (2) of the Agreement,
- Joint Declaration on Article 5 of Protocol 6.

The plenipotentiaries of the Member States and of the Community and the plenipotentiaries of the Czech Republic have also taken note of the following exchanges of letters annexed to this Final Act:

- exchange of letters concerning certain arrangements for live bovine animals,
- exchange of letters concerning Article 68 of the Agreement,
- exchange of letters concerning the specification of areas of common interest eligible for financial assistance.

The plenipotentiaries of the Member States and of the Community and the plenipotentiaries of the Czech Republic have further taken note of the declaration by the French Government annexed to this Final Act:

- Declaration by the French Government on its overseas countries and territories.

The plenipotentiaries of the Czech Republic have taken note of the declarations listed below and annexed to this Final Act:

- Community Declaration on Articles 6 and 117 of the Agreement,
- Community Declaration on Chapter I of Title IV of the Agreement,
- Community Declaration on Article 8 (4) of Protocol 2 on ECSC products.

The plenipotentiaries of the Member States and of the Community have taken note of the declaration listed below and annexed to this Final Act:

Letter from the Government of the Czech Republic to the Community concerning Protocol 2.

Hecho en Luxemburgo, el cuatro de octubre de mil novecientos noventa y tres.
 Udfærdiget i Luxembourg, den fjerde oktober nitten hundrede og treoghalvfems.
 Geschehen zu Luxemburg am vierten Oktober neunzehnhundertdreiundneunzig.
 ,ãéíå óôï Êřôîâîâřýňâř, óôéò ôÝóóãñéò Ĭêôùãñßĩð ÷ßëéá áííéáëüóéá áííáíĹíôá ôñßá.
 Done at Luxembourg on the fourth day of October in the year one thousand nine hundred and ninety-three.
 Fait à Luxembourg, le quatre octobre mil neuf cent quatre-vingt-treize.
 Fatto a Lussemburgo, addì quattro ottobre millenovecentonovantatré.
 Gedaan te Luxemburg, de vierde oktober negentienhonderd drieënnegentig.
 Feito em Luxemburgo, em quatro de Outubro de mil novecentos e noventa e três.
 Dáno v Lucemburku Octvrtého óne m Oesíce Orijna roku tisíc dev Oet set devadesát t Ori.
 Pour le Royaume de Belgique
 Voor het Koninkrijk België
 >REFERENCE TO A FILM>
 På Kongeriget Danmarks vegne
 >REFERENCE TO A FILM>
 Für die Bundesrepublik Deutschland
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 >REFERENCE TO A FILM>
 Por el Reino de España
 >REFERENCE TO A FILM>
 Pour la République française
 >REFERENCE TO A FILM>
 For Ireland
 Thar cheann Na hÉireann
 >REFERENCE TO A FILM>
 Per la Repubblica italiana
 >REFERENCE TO A FILM>
 Pour le Grand-Duché de Luxembourg
 >REFERENCE TO A FILM>
 Voor het Koninkrijk der Nederlanden
 >REFERENCE TO A FILM>
 Pela República Portuguesa
 >REFERENCE TO A FILM>
 For the United Kingdom of Great Britain and Northern Ireland
 >REFERENCE TO A FILM>
 Por el Consejo y la Comisión de las Comunidades Europeas
 For Rådet og Kommissionen for De Europæiske Fællesskaber
 Für den Rat und die Kommission der Europäischen Gemeinschaften
 Āéá ôĹ ÓôîâřýééĹ éáé ôçí ĀðéôñĩðĹ ôùĹ ĀðñùðáúêĹĹ ĒřéĩřôĹôùĹ
 For the Council and the Commission of the European Communities
 Pour le Conseil et la Commission des Communautés européennes
 Per il Consiglio e la Commissione delle Comunità europee
 Voor de Raad en de Commissie van de Europese Gemeenschappen
 Pelo Conselho e pela Comissão das Comunidades Europeias
 >REFERENCE TO A FILM>
 Za OCeskou republiku
 >REFERENCE TO A FILM>

Joint declarations

1. Article 8 (4)

The Community and the Czech Republic confirm that where a reduction of duties is effected by way of a suspension of duties made for a particular period of time, such reduced duties shall replace the basic duties only for the period of such suspension, and that whenever a partial suspension of duties is made, the preferential margin between the Parties will be preserved.

2. Article 38 (1)

It is understood that the concept 'conditions and modalities applicable in each Member State' includes Community rules where appropriate.

3. Article 38

It is understood that the notion 'children' is defined in accordance with national legislation of the host country concerned.

4. Article 39

It is understood that the notion 'members of their family' is defined in accordance with the national legislation of the host country concerned.

5. Chapter II of Title IV

Without prejudice to the provisions of Chapter IV of Title IV, the Parties agree that treatment of the nationals or companies of one Party shall be considered to be less favourable than that accorded to those of the other Party if such treatment is either formally or de facto less favourable than the treatment accorded to those of the other Party.

6. Chapter III of Title IV

The Parties shall endeavour to achieve a mutually satisfactory result in the framework of the current negotiations on services taking place in the Uruguay Round.

7. Article 57 (3)

The Parties declare that the Agreements referred to in Article 57 (3) should aim at the highest possible extension of the transport regulations and policies applicable in the Community and in the Member States to the relations between the Community and the Czech Republic in the field of transport.

8. Article 59

The sole fact of requiring a visa for natural persons of certain Parties and not for those of others shall not be regarded as nullifying or impairing benefits under a specific commitment.

9. Article 60

Whenever the Association Council is called upon to take measures for further liberalization in the areas of services or persons, it shall also determine for which transactions related to such measures payments are to be authorized in freely convertible currency.

10. Article 64

The Parties shall not make improper use of provisions on professional secrecy to prevent the

disclosure of information in the field of competition.

11. Article 67

The Parties agree that for the purpose of this Association Agreement 'intellectual, industrial and commercial property' is to be given a similar meaning as in Article 36 of the EEC Treaty and includes in particular protection of copyright and neighbouring rights, patents, industrial designs, trade marks and service marks, topographies of integrated circuits, software, geographical indications, as well as protection against unfair competition and protection of undisclosed information on know-how.

12. Article 109

The Parties agree that the Association Council, in accordance with Article 109 of the Agreement, will examine the creation of a consultative mechanism composed of members of the Economic and Social Committee of the Community and the corresponding partners of the Czech Republic.

13. Article 117 (2)

The Parties to the Agreement,
for the purpose of its correct interpretation and its practical application,
agree that
the term 'cases of special urgency' included in Article 117 of the Agreement means a case of the material breach of the Agreement by one of the Parties. A material breach of the Agreement consists in:
(a) repudiation of the Agreement not sanctioned by the general rules of international law;
or
(b) violation of essential elements of the Agreement, namely its Article 6.

14. Article 5 of Protocol 6

The Contracting Parties stress that the reference which is made in Article 5 of Protocol 6 their own legislation may cover, where appropriate, an international commitment they could have contracted, such as the Convention on the service abroad of judicial and extra-judicial documents in civil or commercial matters, concluded in The Hague on 15 November 1965.

Declaration by the French Government

France notes that the Europe Agreement with the Czech Republic does not apply to the overseas countries and territories associated with the European Economic Community pursuant to the Treaty establishing the European Economic Community.

Declarations by the European Community

1. Articles 6 and 117

The reference to the respect for human rights as an essential element of the Agreement and to the cases of special urgency has been included in the Agreement as a result of the policy followed by the Community in the area of human rights pursuant to the Council Declaration of 11 May 1992 which foresees such reference in the cooperation or association agreements between the Community and its partners in the Conference on Security and cooperation in

Europe.

2. Chapter I of Title IV

The Community declares that nothing in the provisions of Chapter I, 'Movement of workers', shall be construed as impairing any competence of Member States as to the entry into and stay on their territories of workers and their family members.

3. Article 8 (4) of Protocol 2 on ECSC products

It is understood that the possibility of an exceptional extension of the five-year period is strictly limited to the particular case of the Czech Republic and does not impair the position of the Community in relation to other cases nor prejudice international commitments. The possible derogation foreseen in paragraph 4 takes into account the particular difficulties of the Czech Republic in restructuring the steel sector and the fact that this process has been launched very recently.

Letter from the Government of the Czech Republic to the Community concerning Protocol 2

The Government of the Czech Republic declares that it will not invoke the provisions of Protocol 2 on ECSC products, in particular Article 8, so as not to call into question the compatibility with this Protocol of the agreements made by the Community coal industry with the electricity companies and the steel industry to secure the sale of Community coal.