

AGREEMENT

between the European Economic Community and the Principality of Andorra

THE PRINCIPALITY OF ANDORRA

and

THE EUROPEAN ECONOMIC COMMUNITY,

DESIROUS of introducing, in respect of their trade relations, arrangements to take the place of national arrangements currently in force and respecting the specific situation of the Principality of Andorra,

CONSIDERING THAT, owing to geographical, historical and social and economic factors, Andorra's exceptional situation justifies special arrangements, particularly as regards exemption from import duties, turnover tax and excise duties collected on goods imported by travellers from Andorra into the Community,

HAVE AGREED AS FOLLOWS:

Article 1

Trade between the European Economic Community, on the one hand, and the Principality of Andorra, on the other, shall be governed by the provisions set out below.

TITLE I

Customs Union

Article 2

A customs union shall be established between the European Economic Community and Andorra for the products covered by Chapters 25 to 97 of the Harmonized System in accordance with the procedure and conditions set out under this Title.

Article 3

1. The provisions of this Title shall apply to:

- (a) goods produced in the Community or in the Principality of Andorra, including those obtained wholly or in part from products which come from third countries and are in free circulation in the Community or in the Principality of Andorra;
- (b) goods which come from third countries and are in free circulation in the Community or in the Principality of Andorra.

2. Products coming from third countries shall be considered to be in free circulation in the Community or in the Principality of Andorra if the import formalities have been complied with and any customs duties or charges having equivalent effect which are payable have been levied, and there has been no total or partial drawback of such duties or charges in respect of the said products.

Article 4

The provisions of this Title shall also apply to goods obtained in the Community or in the Principality of Andorra, in the manufacture of which were used products coming from third countries and not in free circulation either in the Community or in the Principality of Andorra. These provisions shall, however, apply to those goods only if the exporting Contracting Party levies the customs duties laid down in the Community for third country products used in their manufacture.

Article 5

The Contracting Parties shall refrain from introducing between themselves any new customs duties on imports or exports or charges having equivalent effect, and from increasing those already applied in their trade with each other on 1 January 1989.

Article 6

1. Customs duties on imports and charges having equivalent effect in force between the Community and the Principality of Andorra shall be abolished in accordance with paragraphs 2 and 3.

2. On 1 January 1991, the Principality of Andorra shall abolish customs duties and charges having equivalent effect on imports from the Community.

3. (a) From 1 January 1991 the Community, with the exception of the Kingdom of Spain and the Portuguese Republic, shall abolish customs duties and charges having equivalent effect on imports from the Principality of Andorra.

(b) From 1 January 1991 the Kingdom of Spain and the Portuguese Republic shall apply the same customs

duties in respect of the Principality of Andorra as they apply in respect of the Community as constituted on 31 December 1985.

- (c) In the case of processed agricultural products covered by Chapters 25 to 97 of the Harmonized System and referred to in Regulation (EEC) No 3033/80, subparagraphs (a) and (b) shall apply to customs duties constituting the fixed component of the charge on imports of those products into the Community from the Principality of Andorra, while the variable component provided for in the Regulation shall continue to apply.
- (d) By way of derogation from subparagraphs (a), (b) and (c), imports covered by the provisions relating to tax relief for travellers referred to in Article 13 shall be exempt from customs duties from 1 January 1991.

Article 7

1. For products covered by the customs union, the Principality of Andorra shall adopt, with effect from 1 January 1991:

- the provisions on import formalities applied by the Community to third countries,
- the laws, regulations and administrative provisions applicable to customs matters in the Community and necessary for the proper functioning of the customs union.

The provisions referred to in the first and second indents shall be those currently applicable in the Community.

2. The provisions referred to in the second indent of paragraph 1 shall be determined by the Joint Committee provided for in Article 17.

Article 8

- 1. (a) Over a period of five years, and beyond that period if no agreement can be reached in accordance with (b), the Principality of Andorra shall authorize the Community, acting on behalf of and for the Principality of Andorra, to enter goods sent from third countries to the Principality of Andorra for free circulation. Entry into free circulation will be effected by the Community customs offices listed in Annex I.
- (b) At the end of this period, and under Article 20, the Principality of Andorra may exercise right of entry into free circulation for its goods, following agreement by the Contracting Parties.

2. Where import duties are payable on goods pursuant to paragraph 1, these duties shall be levied on behalf of the Principality of Andorra. The Principality of Andorra shall undertake not to refund these sums directly or indirectly to the parties concerned.

3. The Joint Committee provided for in Article 17 shall determine:

- (a) possible changes to the list of the Community customs offices competent to clear the goods referred to in paragraph 1 and the procedure for forwarding the said goods to the Principality of Andorra referred to in paragraph 1;
- (b) the arrangements for assigning to the Andorran Exchequer the amounts collected in accordance with paragraph 2, and the percentage to be deducted by the Community to cover administrative costs in accordance with the relevant regulations in force within the Community;
- (c) any other arrangements necessary for the proper implementation of this Article.

Article 9

Quantitative restrictions on imports and exports and all measures having equivalent effect between the Community and the Principality of Andorra shall be prohibited from 1 January 1991.

Article 10

1. Should either Contracting Party consider that disparities arising from the other Party's application, in respect of imports from third countries, of customs duties, quantitative restrictions or any measures having equivalent effect, or of any other measure of commercial policy, threaten to deflect trade or to cause economic difficulties in its territory, it may bring the matter before the Joint Committee, which shall, if necessary, recommend appropriate methods for avoiding any harm liable to result therefrom.

2. Where deflections occur or economic difficulties arise and the Party concerned considers that they call for immediate action, that Party may itself take the necessary surveillance or protection measures, notifying the Joint Committee without delay; the Joint Committee may recommend that the said measures be amended or abolished.

3. In the choice of such measures, preference shall be given to those which least disturb the operation of the customs union and, in particular, the normal development of trade.

TITLE II

Arrangements for products not covered by the customs union

Article 11

1. Products covered by Chapters 1 to 24 of the Harmonized System which originate in the Principality of Andorra shall be exempt from import duties when imported into the Community.