

ANNEX II

APPLICATION OF ARTICLE 2 PARAGRAPH 2 OF THE AGREEMENT

ARTICLE 1

The customs duties and dues of equivalent effect applicable on importation into Spain of the products originating in the Community shown in lists A, B and C shall be those of the Spanish Customs Tariff reduced in the proportions and according to the time-table immediately following:

Products	Rate of reduction					
	On entry of the Agreement into force	1.1.1973	1.1.1974	1.1.1975	1.1.1976	1.1.1977
List A (60%)	10%	20%	30%	40%	50%	60%
List B (25%)	5%	10%	10%	15%	20%	25%
List C (25%)	5%	10%	10%	15%	20%	25%

ARTICLE 2

1. The rates of the duties of the Spanish Customs Tariff to be considered in calculating the reduced duties in article 1 shall be those actually applied at the time to third States. The reduced duties shall on application be rounded to the first place of decimals.

2. If duties of the Spanish Customs Tariff or dues of equivalent effect are introduced or modified, the reduction percentages granted to the Community under article 1 shall remain unchanged.

ARTICLE 3

1. Notwithstanding articles 1 and 2, and in so far as Spain's industrialization and development make measures of protection necessary, it may establish, increase or restore ad valorem customs duties not exceeding 15 per cent, or in certain

particular and exceptional cases 20 per cent. The amount for which these measures may be applied shall not exceed 5 per cent of the total value of Spain's imports from the Community in 1968.

2. These measures may be taken only if necessary to protect and further the development of a new transformation industry which did not exist in Spain on the date of entry of the Agreement into force; they may be applied only with respect to a particular item of production.

3. Twelve months after establishing, increasing or restoring customs duties, Spain shall introduce tariff reductions of 5 per cent per annum on imports originating in the Community.

4. The measures set forth in paragraph 1 shall be taken after consultations in the Joint Commission, which shall be held as early as possible.

ARTICLE 4

1. Spain shall refrain from introducing new quantitative restrictions on imports originating in the Community other than those listed in Annex II of the Treaty establishing the European Economic Community.

This obligation, however, shall apply only to 80 per cent of the average value of all those imports in 1966, 1967 and 1968.

2. If in accordance with paragraph 1 Spain introduces or reintroduces quantitative restrictions on the imports referred to in that paragraph, Spain shall grant the Community, for the products concerned originating therein, quotas each equal to at least 75 per cent of the products which it covers imported into Spain during the year preceding the introduction or reintroduction of the said quantitative restrictions. The quotas shall be subject to the provisions of article 5.

ARTICLE 5

1. For the products originating in the Community appearing in list D, Spain shall grant quotas of the value shown in the fourth column of that list.

2. If the date of entry of the Agreement into force does not coincide with the beginning of the civil year, the quotas to which this article applies shall be granted "pro rata temporis":

- for the first year, from the date of the entry of the Agreement into force,
- for the last year, until the date of expiry of the first stage.

3. In the case of products in list D, Spain shall increase from the beginning of the second, third, fourth, fifth and sixth years of the Agreement the aggregate of the quotas by 13 per cent and each quota by at least 7 per cent of its value in the previous year.

4. The permits for importation within the quotas granted to the Community shall, until the quotas are exhausted, be so issued as to bring about a balanced distribution between, on the one hand, the Peninsula and the Balearic Islands and, on the other hand, the territories under particular régime, with due regard to the trade with those two zones recorded in 1966, 1967 and 1968.

5. If during two consecutive years an import is less than its quota, the product or products shall be released.

Where, however, the nature of the products would entail a marked irregularity of imports, this provision may be applied only exceptionally and after consultation in the Joint Commission.

ARTICLE 6

1. After the end of the sixth year of the Agreement, products originating in the Community other than those listed in Annex II of the Treaty establishing the European Economic Community shall be freed for importation into Spain.

Spain may, however, maintain quantitative restrictions to a value not exceeding 5 per cent of the average total imports in 1966, 1967 and 1968 of products originating in the Community.

2. Spain is prepared to increase the rate of its importation of products originating in the Community over that laid down in article 5 to the extent permitted by its economic situation and that of the sector concerned.

ARTICLE 7

1. On the products listed in Annex II of the Treaty establishing the European Economic Community, other than those mentioned in articles 1, 8, 9 and 10, and not released for importation into Spain before the entry of the Agreement into force, Spain shall refrain from introducing or abolishing customs duties or dues having equivalent effect and shall undertake to maintain on normal market terms the Community's share of the imports of those products reckoned on the basis of 1966, 1967 and 1968. These provisions shall not apply to regulating duties.

2. The provisions of paragraph 1 shall not apply where modification of the import regulations improves the terms of trade.

Consultations on application of the provisions of this article may take place in the Joint Commission.

ARTICLE 8

1. The following products originating in the Community may be imported into Spain without quantitative restrictions on the terms laid down in paragraph 2:

Spanish Tariff No.	Description of goods
04.04	Cheese and curd: G - Other: 1 - of a fat content not exceeding 40%, and of a non-fat content containing: b - more than 47% and not more than 72% by weight of water: 4 - Butter-cheese, Cantal, Edam, Fontal, Fontina, Gouda, Italico, Kornhem, Mimoletta, Saint-Nectaire, Saint Paulin, Tilsitt.

2. The threshold price of the products mentioned in paragraph 1 originating in the Community may not exceed 100.48 pesetas per kg. and shall be at least 6.30 pesetas per kg. less than the threshold price paid by Spain for the same products originating in third States.

ARTICLE 9

Spain undertakes to buy in the Community on the normal market terms at least 25 per cent of its total annual imports of butter (04.03 of the Spanish Customs Tariff) so long as these remain subject to the State-trading system. This percentage shall be increased by 1 per cent per annum at least from 1 January 1972, so as to reach a minimum of 30 per cent by 1 January 1976.

ARTICLE 10

Spain undertakes to buy in the Community on the normal market terms, 90 per cent of its total annual imports of the products listed hereinafter, so long as these imports remain subject to the State-trading system:

Spanish Tariff No.	Description of goods
04.02	Milk and cream, preserved, concentrated or sweetened: A - Not containing added sugar: 1 - not denatured: a - in powder or other solid forms b - other B - Containing added sugar: 1 - in powder or other solid forms 2 - other

ARTICLE 11

1. In the case of products mentioned in this Annex, other than those falling under Annex II of the Treaty establishing the European Economic Community, Spain reserves the right, if specific regulations are established in consequence of the operation of its agricultural policy, to modify the system laid down in this Annex, particularly in order to avoid certain distortions of competition or substitutions.

If the said regulations are established and the system is modified, Spain shall have regard to the interests of the Community.

2. In the case of products mentioned in this Annex and falling under Annex II of the Treaty establishing the European Economic Community, Spain reserves the right, if regulations are established, to modify the system laid down in this Annex.

If the said regulations are established and the system is modified, Spain shall have regard to the interests of the Community.

3. In the case of products mentioned in this Annex and falling under Annex II of the Treaty establishing the European Economic Community, Spain reserves the right, if its regulations are modified, to modify the system laid down in this Annex.

If the system is modified, Spain shall grant to imports originating in the Community a preference equivalent to that laid down in this Annex.

4. For the purpose of applying this article, consultations may take place in the Joint Commission.

ARTICLE 12

Spain shall apply with regard to the Community the Convention on the Valuation of Goods for Customs Purposes, signed at Brussels on 15 December 1950, and the International Convention relating to the Simplification of Customs Formalities, concluded at Geneva on 3 November 1923.

Lists A, B, C, and D
