

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.

2. Rules of origin and methods of administrative cooperation are set out in the Appendix.

Article 12

1. The arrangements applied to goods from third countries imported into the Principality of Andorra shall not be more favourable than those applied to imports of Community goods.

2. Products covered by headings No 24.02 and 24.03 of the Harmonized System which are manufactured in the Community from raw tobacco and which meet the conditions of Article 3 (1) shall be eligible, when imported into the Principality of Andorra, for a preferential rate corresponding to 60 % of the rate applied in the Principality of Andorra for the same products *vis-à-vis* third countries.

TITLE III

Common provisions

Article 13

1. Exemptions from import duties, turnover tax and excise duties levied on imports by travellers between the Contracting Parties and applicable to goods contained in the personal luggage of travellers coming from one of the Contracting Parties shall be those currently applicable in the Community in respect of third countries, provided imports of those goods are strictly non-commercial.

2. With regard to the products covered by Title II of this Agreement and listed below, the exemptions referred to in paragraph 1 shall be granted within the following quantitative limits for each traveller entering the Community from the Principality of Andorra:

— milk powder	2,5 Kilograms
— condensed milk	3 Kilograms
— fresh milk	6 Kilograms
— butter	1 Kilograms
— cheese	4 Kilograms
— sugar and confectionery	5 Kilograms
— meat	5 Kilograms.

3. By way of derogation from the provisions of paragraph 1 and provided that the goods have been acquired under the domestic market conditions of one of the Contracting Parties and meet the above conditions:

- the total value of the exemptions applicable to goods covered by Title I shall be set per person at three times the value of the exemption granted by the Community to travellers from third countries,
- the following quantitative limits shall apply to the goods listed below:

(a) Tobacco products

cigarettes	300 items
or	
cigarillos (cigars weighing no more than 3 g each)	150 items
or	
cigars	75 items
or	
smoking tobacco	400 grams

(b) Alcohol and alcoholic beverages

- distilled beverages and spirituous beverages having an alcoholic strength by volume of more than 22 % vol; undenatured ethyl alcohol of 80 % vol or more, 1,5 litres total
- or
- spirituous distilled beverages, aperitifs based on wine or alcohol, taffia, sake or similar beverages with an alcoholic strength by volume not exceeding 22 % vol, sparkling wine, dessert wine 3 litres total
- and
- still wine 5 litres total

(c) Perfume

and	75 gram
toilet water	$\frac{3}{8}$ litres

(d) Coffee

or	1 000 grams
extracts and essences of coffee	400 grams

(e) Tea

or	200 grams
extracts and essences of tea	80 gram

4. Within the quantitative limits laid down in the second indent of paragraph 3, the value of the goods listed therein shall not be taken into consideration for determining the exemptions referred to in paragraph 1.

Article 14

The Contracting Parties shall refrain from any domestic tax measure or practice leading directly or indirectly to discrimination between the products of one Contracting Party and similar products from the other Contracting Party.

Products sent to the territory of one of the Contracting Parties shall not be eligible for a refund of domestic charges which is higher than the charges which have been levied directly or indirectly.