

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	150 items
(cigars weighing no more than 3 g each)	
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

75 gram
and
toilet water
3/8 litres

(d) Coffee

1 000 grams
or
extracts and essences of coffee
400 grams

(e) Tea

200 grams
or
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.

Article 15

1. In addition to the cooperation provided for in Articles 11 (2) and 17 (8), the administrative authorities of the Contracting Parties responsible for implementing the provisions of this Agreement shall assist each other in other cases so as to ensure compliance with the provisions.

2. Arrangements for the application of paragraph 1 shall be determined by the Joint Committee referred to in Article 17.

Article 16

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 national treasures possessing artistic, historic or archaeological value, the protection of industrial or commercial property or controls 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 Contracting Parties.

Article 17

1. A Joint Committee shall be set up with responsibility for administering this Agreement and ensuring that it is properly implemented. To that end, it shall formulate recommendations. It shall take decisions in the cases provided for in the Agreement. The decisions shall be executed by the Contracting Parties in accordance with their own regulations.

2. With a view to the proper performance of this Agreement, the Contracting Parties shall carry out exchanges of information and, at the request of either party, shall consult together in the Joint Committee.

3. The Joint Committee shall draw up its own rules of procedure.

4. The Joint Committee shall be composed, on the one hand, of representatives of the Community and, on the other, of representatives of the Principality of Andorra.

5. The Joint Committee shall take decisions by common accord.

6. The Joint Committee shall be chaired by each of the Contracting Parties in turn in accordance with the arrangements to be laid down in its rules of procedure.

7. The Joint Committee shall meet at the request of either of the Contracting Parties, to be lodged at least one month before the date of the intended meeting. Where the Joint

Committee is convened under Article 10, it shall meet within eight working days from the date on which the request is lodged.

8. In accordance with the procedure laid down in paragraph 1, the Joint Committee shall determine methods of administrative cooperation for the purposes of applying Articles 3 and 4, taking as a basis the methods adopted by the Community in respect of trade between the Member States; it may also amend provisions in the Appendix, referred to in Article 11.

Article 18

1. Any disputes arising between the Contracting Parties over the interpretation of the Agreement shall be put before the Joint Committee.

2. If the Joint Committee does not succeed in settling the dispute at its next meeting, each Party may notify the other of the designation of an arbitrator; the other Party shall then be required to designate a second arbitrator within two months.

The Joint Committee shall designate a third arbitrator.

The arbitrator's decisions shall be taken by a majority vote.

Each Party involved in the dispute shall be required to take the measures needed to ensure the application of the arbitrator's decision.

Article 19

In trade covered by this Agreement:

- the arrangements applied by the Principality of Andorra *vis-à-vis* the Community may not give rise to any discrimination between the Member States, their nationals or their companies,
- the arrangements applied by the Community *vis-à-vis* the Principality of Andorra may not give rise to any discrimination between Andorran nationals or companies.

TITLE IV

General and final provisions

Article 20

This Agreement is concluded for an unlimited duration. Within five years of its entry into force, the two Parties shall begin consultations to examine the results of its application and, if necessary, to open negotiations on its amendment in the light of that examination.