

social development of Lebanon and helping to strengthen relations between the Parties. To this end provisions and measures will be adopted and implemented in the fields of economic, technical and financial cooperation and of trade.

TITLE I

ECONOMIC, TECHNICAL AND FINANCIAL COOPERATION

Article 2

The Community and Lebanon shall institute cooperation with the aim of contributing to Lebanon's development by means of efforts complementary to those made by Lebanon itself, and of strengthening existing economic links on as broad a basis as possible for the mutual benefit of the Parties.

Article 3

In order to achieve the cooperation referred to in Article 2, account shall be taken, in particular, of the following:

- the objectives and priorities of Lebanon's development plans and programmes,
- the importance of schemes into which different operations are integrated,
- the importance of promoting regional cooperation between Lebanon and other States.

Article 4

1. The purpose of cooperation between the Community and Lebanon shall be to promote, in particular:

- participation by the Community in the efforts made by Lebanon to develop its production and economic infrastructure in order to diversify its economic structure. Such participation should be connected, in particular, with the industrialization of Lebanon and the modernization of its agriculture;
- the marketing and promotion of sales of products exported by Lebanon;
- industrial cooperation aimed at boosting Lebanon's industrial production through measures: - to encourage participation by the Community in the implementation of Lebanon's industrial development programmes,
- to foster the organization of contacts and meetings between Lebanese and Community industrial policy-makers, promoters and firms in order to promote the establishment of new relations in the industrial field in conformity with the objectives of the Agreement,
- to facilitate the acquisition on favourable terms of patents and other industrial property by means of financing in conformity with Protocol 1 and/or by other appropriate arrangements with undertakings and institutions in the Community,
- to permit the removal of non-tariff and nonquota barriers likely to impede access to either market;
- cooperation in the fields of science, technology and the protection of the environment;
- participation by Community operators in programmes for the exploration, production and processing of Lebanon's resources and any activities which would develop these resources on the spot, and the proper performance of cooperation and investment contracts concluded for this purpose between their operators;
- cooperation in the fisheries sector;
- the encouragement of private investments which are in the mutual interest of both Parties;

- exchange of information on the economic and financial situation, and on developments therein, as required for the proper functioning of the Agreement.
- 2. The Contracting Parties may decide on further areas of cooperation.

Article 5

1. The Cooperation Council shall periodically define the guidelines of cooperation for the purpose of attaining the aims set out in the Agreement.
2. The Cooperation Council shall be responsible for seeking ways and means of establishing cooperation in the areas defined in Article 4. To that end it is empowered to make decisions.

Article 6

The Community shall participate in the financing of any measures to promote Lebanon's development under the conditions laid down in Protocol 1 on technical and financial cooperation, account being taken of the possibilities offered by triangular cooperation.

Article 7

The Contracting Parties shall facilitate the proper performance of cooperation and investment contracts which are of interest to both Parties and come within the framework of the Agreement.

TITLE II TRADE COOPERATION

Article 8

In the field of trade, the object of this Agreement is to promote trade between the Contracting Parties, taking account of their respective levels of development and of the need to ensure a better balance in their trade, with a view to increasing the rate of growth of Lebanon's trade and improving the conditions of access for its products to the Community market.

A) Industrial products

Article 9

Subject to the provisions of Articles 12, 13 and 15, customs duties and charges having equivalent effect on imports into the Community of products originating in Lebanon other than those listed in Annex II to the Treaty establishing the European Economic Community, and other than those listed in Annex A, shall be abolished on the date of the entry into force of the Agreement.

Article 10

1. In the case of customs duties comprising a protective element and a fiscal element, Article 9 shall apply to the protective element.

2. The United Kingdom shall replace customs duties of a fiscal nature and the fiscal element of such duties by an internal tax, in accordance with Article 38 of the Act concerning the conditions of accession and the adjustments to the Treaties of 22 January 1972.

Article 11

Quantitative restrictions on imports and measures having an effect equivalent to quantitative restrictions on imports into the Community of products originating in Lebanon other than those listed in Annex II to the Treaty establishing the European Economic Community shall be abolished on the date of the entry into force of the Agreement.

Article 12

The measures provided for in Article 1 of Protocol 7 to the Act concerning the conditions of accession and the adjustments to the Treaties referred to in Article 10 concerning imports of motor vehicles and the motor vehicle assembly industry in Ireland shall apply to Lebanon.

Article 13

1. Imports of the following products shall be subject to annual ceilings above which the customs duties actually applied in respect of third countries may be reintroduced in accordance with paragraphs 2 to 6, the ceiling fixed for the year of the entry into force of the Agreement being indicated in each case. >PIC FILE= "T0009994">

2. From the following year, the ceilings indicated in paragraph 1 shall be raised annually by 5 %.

3. For the products falling within subheading 28.40 B II (phosphates, including polyphosphates, other than of ammonia), Chapter 76 (aluminium), heading No 42.02 (travel goods (for example, trunks, suitcases, hat-boxes, travelling-bags, rucksacks), shopping-bags, handbags, satchels, brief-cases, wallets, purses, toilet-cases, tool-cases, tobacco-pouches, sheaths, cases, boxes (for example, for arms, musical instruments, binoculars, jewellery, bottles, collars, footwear, brushes) and similar containers, of leather or of composition leather, of vulcanized fibre, of artificial plastic sheeting, of paperboard or of textile fabric) and heading No 55.05 (cotton yarn, not put up for retail sale) of the Common Customs Tariff, the Community reserves the right to introduce ceilings.

4. When a ceiling fixed for imports of a product covered by this Article is reached, the customs duties actually applied in respect of third countries may be reimposed on imports of the product in question until the end of the calendar year.

5. When imports into the Community of a product subject to ceilings reach 75 % of the level fixed, the Community shall inform the Cooperation Council.

6. The ceilings provided for in this Article shall be abolished not later than 31 December 1979.

Article 14

1. The Community reserves the right to modify the arrangements applicable to the petroleum products falling within subheadings and heading Nos 27.10, 27.11 A and B I, 27.12, 27.13 B and 27.14 of the Common Customs Tariff: - upon the adoption of a common definition of origin for petroleum products,

- upon the adoption of decisions under a common commercial policy, or
- upon the establishment of a common energy policy.

2. In that event the Community shall ensure that imports of these products will enjoy advantages equivalent to those provided for in this Agreement.

For the application of this paragraph consultations shall be held within the Cooperation Council at the request of the other Party.

3. Subject to paragraph 1, this Agreement shall not affect the non-tariff rules applied to imports of petroleum products.

Article 15

For goods resulting from the processing of agricultural products listed in Annex B, the reductions specified in Article 9 shall apply to the fixed component of the charge levied on imports of these products into the Community.

B) Agricultural products

Article 16

1. Customs duties on imports into the Community of the following products originating in Lebanon which are listed shall be reduced by the rates indicated for each of them. >PIC FILE="T0009995">

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2. Paragraph 1 shall apply to fresh lemons of subheading 08.02 ex C of the Common Customs Tariff on condition that on the internal Community market the prices of lemons imported from Lebanon are, after customs clearance and the deduction of import charges other than customs duties, not less than the reference price plus the incidence on that reference price of the customs duties actually applied in respect of third countries and a fixed amount of 1.20 units of account per 100 kilograms.

3. The import charges other than customs duties referred to in paragraph 2 shall be those to be used for the calculation of the entry prices referred to in Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables.

However, the Community shall be entitled to calculate the amount to be deducted in respect of the import charges other than customs duties referred to in paragraph 2 in such a way, according to origin, as to avoid difficulties which may arise from the incidence of those charges on entry prices.

Articles 23 to 28 of Regulation (EEC) No 1035/72 shall continue to apply.

4. By way of derogation from paragraph 1, Denmark, Ireland and the United Kingdom shall be authorized to apply, until 1 January 1978, to imports of fresh oranges of subheading 08.02 ex

A of the Common Customs Tariff and of fresh mandarins (including tangerines and satsumas), clementines, wilkings and other similar citrus hybrids of subheading 08.02 ex B of the Common Customs Tariff, duties which may not be lower than those set out in Annex C.

Article 17

Customs duties on imports into the Community of the following products originating in Lebanon shall be applied at the following rates: >PIC FILE= "T0009998">

Article 18

1. Provided that Lebanon levies a special charge on exports of olive oil, other than olive oil having undergone a refining process, falling within subheading 15.07 A II of the Common Customs Tariff and provided also that this special charge is reflected in the import price, the Community shall take the necessary measures to ensure that: (a) the levy on imports into the Community of the said olive oil, wholly obtained in Lebanon and transported direct from that country to the Community, is the import levy calculated in accordance with Article 13 of Regulation No 136/66/EEC on the establishment of a common organization of the market in oils and fats, less 0.50 unit of account per 100 kilograms; (b) the amount of the levy calculated in the manner described under (a) is reduced by an amount equal to that of the special charge paid but not exceeding four units of account per 100 kilograms.

2. If Lebanon does not levy the charge referred to in paragraph 1, the Community shall take the steps necessary to ensure that the levy on imports into the Community of olive oil, other than olive oil having undergone a refining process, falling within subheading 15.07 A II of the Common Customs Tariff, is the import levy calculated in accordance with Article 13 of Regulation No 136/66/EEC on the establishment of a common organization of the market in oils and fats, less 0.50 unit of account per 100 kilograms.

3. Each Contracting Party shall take the measures necessary for the implementation of paragraph 1 and, in the event of difficulties and at the request of the other Contracting Party, shall supply the information required for the proper operation of the system.

4. Consultations on the operation of the system provided for in this Article shall take place within the Cooperation Council at the request of one of the Contracting Parties.

Article 19

1. The rates of reduction specified in Article 16 shall apply to the customs duties applied in respect of third countries.

2. However, the duties resulting from the reductions made by Denmark, Ireland and the United Kingdom may in no case be lower than those applied by the said countries to the Community as originally constituted.

3. In derogation from paragraph 1, should the application thereof temporarily result in tariff movements away from alignment on the final duty, Denmark, Ireland and the United Kingdom may maintain their duties until the level of these duties has been reached on the occasion of a

subsequent alignment, or they may apply the duty resulting from a subsequent alignment as soon as a tariff movement reaches or passes the said level.

4. The reduced duties calculated in accordance with Article 16 shall be applied, rounded off to the first decimal place.

However, subject to the application by the Community of Article 39 (5) of the Act concerning the conditions of accession and the adjustments to the Treaties referred to in Article 10, as regards the specific duties or the specific part of the mixed duties in the Customs Tariffs of Ireland and of the United Kingdom, the reduced duties shall be applied, rounded off to the fourth decimal place.

Article 20

1. Should specific rules be introduced as a result of the implementation of its agricultural policy or modification of the existing rules, or should the provisions on the implementation of its agricultural policy be modified or developed, the Community may modify the arrangements laid down in the Agreement in respect of the products concerned.

In such cases the Community shall take appropriate account of Lebanon's interests.

2. If the Community, in applying paragraph 1, modifies the arrangements made by this Agreement for products covered by Annex II to the Treaty establishing the European Economic Community, it shall accord imports originating in Lebanon an advantage comparable to that provided for in this Agreement.

3. The application of this Article may be the subject of consultations in the Joint Committee.

C) Common provisions

Article 21

1. The products originating in Lebanon referred to in this Agreement may not enjoy more favourable treatment when imported into the Community than that applied by the Member States between themselves.

2. For the application of paragraph 1, account shall not be taken of the customs duties and charges having equivalent effect resulting from the application of Articles 32, 36 and 59 of the Act concerning the conditions of accession and the adjustments to the Treaties referred to in Article 10.

Article 22

1. Subject to the special provisions relating to frontierzone trade, Lebanon shall grant the Community treatment in the field of trade no less favourable than mostfavoured-nation treatment.

2. Paragraph 1 shall not apply in the case of the maintenance or establishment of customs unions or free-trade areas.

3. Furthermore, Lebanon may derogate from the provisions of paragraph 1 in the case of measures adopted with a view to regional economic integration or measures benefiting the developing countries. The Community shall be notified of such measures.

Article 23

1. The Contracting Parties shall inform each other on the occasion of the signing of this Agreement of the provisions they apply under their trade arrangements.

2. Lebanon shall be entitled to introduce into its trade arrangements with the Community new customs duties or charges having equivalent effect and new quantitative restrictions or measures having equivalent effect and to increase the duties and the quantitative restrictions or charges or measures having equivalent effect applied to products originating in or going to the Community, where such measures are necessitated by Lebanon's industrialization and development requirements. The Community shall be notified of such measures.

For the application of these measures consultations shall be held within the Cooperation Council at the request of the other Contracting Party.

Article 24

Where Lebanon applies quantitative restrictions in the form of quotas or currency allocations to a given product in accordance with its own legislation it shall treat the Community as a single entity.

Article 25

On the occasion of the reviews provided for in Article 44 of the Agreement the Contracting Parties shall seek opportunities to make progress towards the removal of obstacles to trade, while having regard to Lebanon's essential development requirements.

Article 26

For the purposes of implementing this Title, Protocol 2 to this Agreement shall determine the rules of origin.

Article 27

In the event of modifications to the nomenclature of the customs tariffs of the Contracting Parties affecting products referred to in this Agreement, the Cooperation Council may adapt the tariff nomenclature of these products to conform with such modifications.

Article 28

The Contracting Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products of one Contracting Party and like products originating in the territory of the other Contracting Party.

Products exported to the territory of one of the Contracting Parties may not benefit from repayment of internal taxation in excess of the amount of direct or indirect taxation imposed upon them.

Article 29

Payments relating to commercial transactions carried out in accordance with foreign trade and exchange regulations and the transfer of such payments to the Member State of the Community in which the creditor is resident or to Lebanon shall be free from any restrictions.

Article 30

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 the health and life of humans, animals or plants ; the protection of national treasures of artistic, historical or archaeological value ; the protection of industrial and commercial property, or rules relating to gold or silver. Such prohibitions or restrictions must not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.

Article 31

1. If one of the Contracting Parties finds that dumping is taking place in trade with the other Contracting Party, it may take appropriate measures against this practice in accordance with the Agreement on implementation of Article VI of the General Agreement on tariffs and trade, under the conditions and in accordance with the procedures laid down in Article 33.

2. In the event of measures being directed against bounties or subsidies the Contracting Parties undertake to respect the provisions of Article VI of the General Agreement on tariffs and trade.

Article 32

If serious disturbances arise in any sector of the economy or if difficulties arise which might bring about a serious deterioration in the economic situation of a region, the Contracting Party concerned may take the necessary safeguard measures under the conditions and in accordance with the procedures laid down in Article 33.

Article 33

1. In the event of a Contracting Party subjecting imports of products liable to give rise to the difficulties referred to in Article 32 to an administrative procedure, the purpose of which is to provide rapid information on the trend of trade flows, it shall inform the other Contracting Party.

2. In the cases specified in Articles 31 and 32, before taking the measures provided for therein, or as soon as possible in cases to which paragraph 3 (b) applies, the Contracting Party in question shall supply the Cooperation Council with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Contracting Parties.

In the selection of measures, priority must be given to those which least disturb the functioning of the Agreement. Such measures must not exceed the limits of what is strictly necessary to counteract the difficulties which have arisen.

The Cooperation Council shall be notified immediately of any safeguard measures, and these shall be the subject of periodic consultations within the Cooperation Council particularly with a view to their abolition as soon as circumstances permit.

3. For the implementation of paragraph 2, the following provisions shall apply: (a) as regards Articles 31 and 32, consultation in the Cooperation Council shall take place before the Contracting Party concerned takes the appropriate measures; (b) where exceptional circumstances requiring immediate action make prior examination impossible, the Contracting Party concerned may, in the situations specified in Articles 31 and 32, apply forthwith such precautionary measures as are strictly necessary to remedy the situation.

Article 34

Where one or more Member States of the Community or Lebanon is in serious difficulties or is seriously threatened with difficulties as regards its balance of payments, the Contracting Party concerned may take the necessary safeguard measures. In the selection of measures, priority must be given to those which least disturb the functioning of the Agreement. The other Contracting Party shall be notified of them immediately and they shall be the subject of periodic consultations within the Cooperation Council particularly with a view to their abolition as soon as circumstances permit.

TITLE III

GENERAL AND FINAL PROVISIONS

Article 35

1. A Cooperation Council is hereby established which, for the purpose of attaining the objectives set out in the Agreement, shall have the power to take decisions in the cases provided for in the Agreement.

The decisions taken shall be binding on the Contracting Parties, which shall take such measures as are required to implement them.

2. The Cooperation Council may also formulate any resolutions, recommendations or opinions which it considers desirable for the attainment of the common objectives and the smooth functioning of the Agreement.

3. The Cooperation Council shall adopt its rules of procedure.

Article 36

1. The Cooperation Council shall be composed, on the one hand, of representatives of the Community and of its Member States and, on the other, of representatives of Lebanon.