

AGREEMENT
on Cooperation and Customs Union between the European Economic Community and the
Republic of San Marino

HIS MAJESTY THE KING OF THE BELGIANS,
HER MAJESTY THE QUEEN OF DENMARK,
THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY,
THE PRESIDENT OF THE HELLENIC REPUBLIC,
HIS MAJESTY THE KING OF SPAIN,
THE PRESIDENT OF THE FRENCH REPUBLIC,
THE PRESIDENT OF IRELAND,
THE PRESIDENT OF THE ITALIAN REPUBLIC,
HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG,
HER MAJESTY THE QUEEN OF THE NETHERLANDS,
THE PRESIDENT OF THE PORTUGUESE REPUBLIC,
HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,
whose States are Contracting Parties to the Treaty establishing the European Economic Community, and
THE COUNCIL OF THE EUROPEAN COMMUNITIES,
of the one part, and
THE REPUBLIC OF SAN MARINO,
of the other part,

RESOLVED to consolidate and extend the existing close relations between the European Economic Community and the Republic of San Marino,

CONSIDERING THAT existing links between the two Parties, particularly in the commercial, economic, social and cultural sectors, should be strengthened by establishing cooperation between San Marino and the European Economic Community in respect of all matters of common interest,

CONSIDERING THAT, owing to the situation of San Marino and its present status within the customs territory of the Community, a customs union should be established between the Republic of San Marino and the European Economic Community,

HAVE AGREED AS FOLLOWS:

Article 1

The purpose of this Agreement between the European Economic Community and the Republic of San Marino is to establish a customs union between the two Parties and promote comprehensive cooperation between them with the aim of contributing to the social and economic development of the Republic of San Marino and strengthening relations between the Parties.

TITLE I

CUSTOMS UNION

Article 2

A customs union is hereby established between the European Economic Community and the Republic of San Marino for products covered by Chapters 1 to 97 of the Common Customs Tariff, except products falling within the scope of the Treaty establishing the European Coal and Steel Community.

Article 3

1. The provisions of this Title shall apply to:

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

2. Products coming from third countries shall be considered to be in free circulation in the Community or in the Republic of San Marino 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 or produced in the Community or in the Republic of San Marino in the manufacture of which were used products coming from third countries and not in free circulation either in the Community or in San Marino. 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

1. The Contracting Parties shall refrain from introducing between themselves any new customs duties on imports or exports or charges having equivalent effect.

2. The Republic of San Marino also undertakes not to adjust duties referred to in paragraph 1 as applied to imports from the Community on 1 January 1991, without prejudice to existing commitments between San Marino and Italy pursuant to the Exchange of Letters of 21 December 1972.

Article 6

1. Trade between the Community and the Republic of San Marino shall be exempt from all import and export duties and charges having equivalent effect, subject to the provisions of paragraphs 2 and 3.

2. In order that the charges having equivalent effect currently applied to imports from the Community may be abolished on 1 January 1996, the Republic of San Marino undertakes to introduce, within six months of the entry into force of this Agreement, a supplementary tax corresponding to that currently levied on imported goods, to be chargeable on domestic products intended for home consumption. The supplementary tax will apply in full on the above date. It shall be applicable as a countervailing measure and shall be calculated on the added value of domestic products at rates equal to those applied to imported goods of a similar kind.

3. (a) On the entry into force of the Agreement, the Community, with the exception of the Kingdom of Spain and the Portuguese Republic, shall admit imports from the Republic of San Marino exempt from customs duty.

(b) From the entry into force of the Agreement, the Kingdom of Spain and the Portuguese Republic shall apply the same customs duties in respect of the Republic of San Marino as they apply in respect of the Community as constituted on 31 December 1985.

4. In trade in agricultural products between the Community and San Marino, the Republic of San Marino undertakes to adopt Community veterinary, plant health and quality regula-

tions where necessary for the proper functioning of the Agreement.

Article 7

1. From the entry into force of the Agreement the Republic of San Marino shall apply in respect of countries not members of the Community:

- the Common Customs Tariff,
- laws, regulations and administrative provisions applicable to customs matters in the Community and necessary for the proper functioning of the customs union,
- the common commercial policy of the Community,
- Community regulations on trade in agricultural products covered by Annex II to the Treaty establishing the European Economic Community, with the exception of refunds and compensatory amounts accorded for exports,
- Community veterinary, plant health and quality regulations where necessary for the proper functioning of the Agreement.

The provisions referred to in this paragraph shall be those applicable at the time in the Community.

2. The provisions referred to in the second to fifth indents of paragraph 1 shall be determined in greater detail by the Cooperation Committee.

3. By way of derogation from the first indent of paragraph 1, publications, works of art, scientific or teaching materials and medical supplies or equipment offered to the Government of the Republic of San Marino, insignia, medals, stamps, printed matter and other similar objects or paper destined for use by the Government shall be exempt from customs duties.

Article 8

1. (a) Over a period of five years from the entry into force of the Agreement, and beyond that period if no agreement can be reached in accordance with 1(b), the Republic of San Marino shall authorise the Community, acting on behalf of, and for, San Marino, to carry out customs clearance formalities, in particular release for free circulation of products sent from third countries to San Marino. Such formalities will be effected by Community customs offices.

(b) At the end of this period, and under Article 26, the Republic of San Marino may exercise its right to carry out customs clearance formalities, following agreement of the Contracting Parties.

2. Where import duties are payable on goods pursuant to paragraph 1, these duties shall be levied on behalf of the Republic of San Marino. San Marino shall undertake not to refund these sums directly or indirectly to the parties concerned, subject to the provisions of paragraph 4.

3. The Cooperation Committee shall decide on:

- (a) possible changes to the list of the customs offices competent to clear the goods referred to in paragraph 1 and the procedure for forwarding the said goods to the Republic of San Marino;
- (b) the arrangements for assigning to the San Marino Exchequer the amounts collected in accordance with paragraph 2, and the percentage to be deducted by the European Economic 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.

4. The taxes and levies on imports of agricultural products may be used by San Marino for aiding production or exports. San Marino undertakes, however, not to accord higher export refunds or compensatory amounts than those accorded by the European Economic Community for exports to third countries.

Article 9

Quantitative restrictions on imports and exports and all measures having equivalent effect between the Community and the Republic of San Marino shall be prohibited from the entry into force of the Agreement.

Article 10

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 11

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 12

1. If serious disturbances arise in any sector of the economy of one of the Contracting Parties, the Contracting Party concerned may take the necessary safeguard measures in accordance with the procedures, and subject to the conditions, of the paragraphs below.

2. In the case referred to in paragraph 1, before taking the measures provided for therein or, in the cases covered by paragraph 3, as soon as possible, the Contracting Party in

question shall provide the Cooperation Committee with all relevant information required for a detailed examination of the situation with a view to seeking a solution acceptable to the Contracting Parties. At the request of the other Contracting Party, consultations shall take place within the Cooperation Committee before the Contracting Party concerned takes appropriate measures.

3. Where exceptional circumstances require immediate action making prior examination impossible, the Contracting Party concerned may apply forthwith such precautionary measures as are strictly necessary to remedy the situation.

4. 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 that have arisen.

The safeguard measures must be notified immediately to the Cooperation Committee, which shall hold regular consultations on them, particularly with a view to their abolition as soon as circumstances permit.

Article 13

1. In addition to the cooperation provided for in Article 23(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. Procedures for the application of paragraph 1 shall be laid down by the Cooperation Committee.

TITLE II

COOPERATION

Article 14

The Community and the Republic of San Marino shall institute cooperation with the aim of strengthening existing links between them on as broad a basis as possible for the mutual benefit of the Parties, taking account of their respective powers. Cooperation shall focus on the priority areas referred to in Articles 15 to 18 of this Title.

Article 15

The Contracting Parties undertake to encourage the growth and diversification of the industrial and services sectors of the economy of San Marino, focusing their cooperation activities on small and medium-sized enterprises.

Article 16

The Contracting Parties undertake to cooperate on matters relating to environmental protection and improvement with the aim of resolving the problems caused by contamination of water, soil and air, by erosion and by deforestation. They will pay special attention to the problems of pollution in the Adriatic Sea.