

For the quotas 6 to 9 listed in Annex III; the annual rate of progressive increase shall be as follows:

- first year: 13 %,
- second year: 18 %,
- third year: 20 %,
- fourth year: 20 %.

4. Where it is found that imports into Spain of a product listed in Annex II or III have for two consecutive years been less than 90 % of the quota, the Kingdom of Spain shall, from the beginning of the year following those two years, liberalize imports of that product originating in Switzerland or in other countries referred to in paragraph 2, if the product is liberalized at that time in respect of the Community as constituted on 31 December 1985.

5. If the Kingdom of Spain liberalizes imports of a product listed in Annex II or III coming from the Community as constituted on 31 December 1985 or increases a quota beyond the minimum rate applicable to the Community as constituted on the abovementioned date, it shall also liberalize imports of that product originating in Switzerland or increase the global quota proportionately.

6. For the administration of the abovementioned quotas, the Kingdom of Spain shall apply the same administrative rules and procedures as those applied to imports of such products originating in the Community as constituted on 31 December 1985.

TITLE III

Transitional measures concerning Portugal, on the one hand and Switzerland, on the other

Article 9

1. For the products covered by the Agreement and subject to the provisions of Article 12, the customs duties on imports into Portugal applicable to products originating in Switzerland shall be progressively abolished in accordance with the following timetable:

- on 1 March 1986, each duty shall be reduced to 90 % of the basic duty,
- on 1 January 1987, each duty shall be reduced to 80 % of the basic duty,
- on 1 January 1988, each duty shall be reduced to 65 % of the basic duty,
- on 1 January 1989, each duty shall be reduced to 50 % of the basic duty,
- on 1 January 1990, each duty shall be reduced to 40 % of the basic duty,

- on 1 January 1991, each duty shall be reduced to 30 % of the basic duty,
- the other two reductions of 15 % each shall be made on 1 January 1992 and 1 January 1993, respectively.

2. The rate of duties calculated in accordance with paragraph 1 shall be applied by rounding down to the first decimal place by deleting the second decimal.

Article 10

1. Subject to the provisions of the following three paragraphs, the basic duty to which the successive reductions provided for in Article 9 are to be applied shall, for each product, be the duty actually applied by the Portuguese Republic on 1 January 1985 in trade with Switzerland.

2. However, if after that date and before accession a tariff reduction has been applied, such reduced duty shall be considered as a basic duty.

3. For the products listed in Annex IV, the basic duty applied by Portugal shall be that indicated against each product.

4. For the products listed in Annex V, as well as for matches and tinder, the basic duties shall be those indicated in the said Annex.

Article 11

1. The following charges applied by Portugal in trade with Switzerland shall be progressively abolished in accordance with the following timetable:

- (a) the *ad valorem* charge of 0,4 % applied to goods imported temporarily, goods reimported (excluding containers) and goods imported under the inward processing arrangements characterized by the rebate of duties levied on the import of goods used after export of the products obtained ('drawback') shall be reduced to 0,2 % on 1 January 1987 and abolished on 1 January 1988;
- (b) the *ad valorem* charge of 0,9 % applied to goods imported for home use shall be reduced to 0,6 % on 1 January 1989, reduced to 0,3 % on 1 January 1990 and abolished on 1 January 1991.

2. The Portuguese Republic shall progressively abolish for liquorice extract containing more than 10 % by weight of sucrose but not containing other added substances, falling within subheading 17.04 A of the Common Customs Tariff, the fiscal element of Esc 5 per kilogram in accordance with the timetable laid down in Article 9.

Article 12

1. The variable component which the Portuguese Republic may apply in accordance with Article 1 of Protocol No 2 to the Agreement to certain products listed in Table I of that Protocol, originating in Switzerland, shall be adjusted by the compensatory amount applied in trade between the Community as constituted on 31 December 1985 and Portugal.

2. For the products listed in Table I of Protocol No 2 to the Agreement, the Portuguese Republic shall abolish, in accordance with the timetable laid down in Article 9, the difference between:

— the basic duty to be applied by Portugal in accordance with Article 10,

and

— the duty (other than the variable component) indicated in the last column of Table I of Protocol No 2.

3. In all cases where a minimum duty (fixed component) is applied in respect of the Community, as indicated in Annex VI, the same minimum duty shall be applied to Switzerland if the calculation resulting from the breakdown in respect of Switzerland results in a level of duty lower than the minimum duty applied in respect of the Community.

4. For the products listed in Table II of Protocol No 2 to the Agreement, the Swiss Confederation shall abolish, in accordance with the timetable laid down in Article 9, the difference between:

— the customs duties actually applied by the Swiss Confederation on 1 January 1985,

and

— the duty (other than the variable component) indicated in the last column of Table II of Protocol No 2.

Article 13

If the Portuguese Republic suspends in whole or in part the levying of customs duties and/or charges referred to in Article 11 on products imported from the Community as constituted on 31 December 1985, it shall also suspend or reduce, by the same percentage, those duties and/or charges applicable to products originating in Switzerland.

Article 14

1. The Portuguese Republic will maintain until 31 December 1987 quantitative restrictions on imports of motor vehicles within the limits of a system of import quotas.

2. If the Portuguese Republic liberalizes imports of the motor vehicles concerned coming from the Community as constituted on 31 December 1985, or increases a quota beyond the level of that applicable to the Community as constituted on the abovementioned date, it shall also liberalize the imports in question originating in Switzerland or increase the quota for that country proportionately.

Article 15

The Portuguese Republic shall abolish the discriminating variation existing between the rate of reimbursement by the social security institutions for pharmaceutical products imported from Switzerland in three equal, annual stages to take place on the following dates:

— 1 January 1987,

— 1 January 1988,

— 1 January 1989.

TITLE IV

General and final provisions

Article 16

The Joint Committee shall make any amendments which may be necessary to the origin rules consequent on the accession of the Kingdom of Spain and the Portuguese Republic to the European Communities.

Article 17

The Annexes to this Protocol form an integral part thereof. This Protocol forms an integral part of the Agreement.

Article 18

This Protocol shall be approved by the Contracting Parties in accordance with their own procedures. It shall enter into force on 1 March 1986, provided that the Contracting Parties have notified each other before that date that the procedures necessary to this end have been completed. After that date, the Protocol shall enter into force on the first day of the second month following such notification.

Article 19

This Protocol is drawn up in duplicate, in the Danish, Dutch, English, French, German, Greek, Italian, Portuguese, and Spanish languages, each of these texts being equally authentic.