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*EVALUATION OF THE
EC/JORDAN AGRICULTURAL
TRADE RELATIONSHIP*

**EVALUATION OF THE EC/JORDAN AGRICULTURAL
TRADE RELATIONSHIP REPORT**

Prepared for

**The Agricultural Marketing Development Project
Amman, Jordan**

At the request of

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and

The Sigma One Corporation, Raleigh, Durham, North Carolina

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Executive Summary

Evaluation of the EC/Jordan Agricultural Trade Relationship

I. Introduction

This study re-visited the **Cooperation Agreement** between Jordan and the EC with the intent of explaining the trade relationship pertinent to the exports of fresh vegetables and fruits. This **Agreement** is regulated through a variety of protocols which focus on the technical and financial provisions by the EC to Jordan.

The study reviewed and explained the EC's policy, philosophy and attitude towards the Mediterranean basin; explained and evaluated the **Cooperation Agreement** and relevant protocols between the EC and Jordan; compared and contrasted the EC's provisions and/or conditions with regard to Jordan's agricultural exports with other countries in the region; and recommended directions for future agreements with the EC.

II. Overview of the EC's Policy and Attitude Towards the Mediterranean Countries

The EC perceives the Mediterranean basin countries as a critical extension to Europe. The EC's views are motivated by a desire to sustain these countries' economic health and political stability within a peaceful environment. The actual needs and requirements of these countries dictate the nature of the relationship between the EC and each state. Hence, countries such as Jordan, Syria, and Lebanon are treated differently from say Israel, Cyprus and Turkey. With the first group, the EC holds non-reciprocal agreements while with the second it holds association/reciprocal agreements. Non-reciprocity with Jordan is based on the fact that the EC should assist this country without an expectation for an equal treatment in return.

The EC, through Technical and Financial protocols, provided financial support to all countries of the Mediterranean basin. Its total contribution in



million ECU between 1988 and 1991 was 1,618 and between 1992 and 1996, 2,075.

The EC's agricultural policy is cemented by a common agricultural agreement among its member states. The policy protects the interests of farmers by helping them modernize their farming methods as well as through special subsidies which ensure acceptable financial returns. This policy protects European farmers from unfair competition by third country exporters.

III. The Cooperation Agreement and Protocols Between the EC and Jordan

The **Cooperation Agreement** (1977) aimed at promoting "the overall cooperation between the contracting parties with a view to contributing to the economic and social development of Jordan...". The fields of cooperation included economic, technical, financial and trade areas. A pivotal objective of the **Agreement** was to help Jordan modernize its agriculture as well as "the marketing and promotion of sales products exported by Jordan". Among other things, the **Agreement** promoted the removal of Tariffs and Quotas and allowed for cooperation in the fisheries.

Tariff reductions agreed to by the EC in 1977 were as shown in the table below:

2000

CCT heading No	Description	Rate of reduction %
05 04	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof	80
07 01	vegetables, fresh or chilled: F. leguminous vegetables, shelled or unshelled : II. Beans (of the species phaseolus): ex a) From 1 October to 30 June: - From 1 November to 30 April	60
	ex III. Other: - Broad beans (Vicia Faba major)	40
	G. Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots: ex II. Carrots and turnips: - Carrots, from 1 January to 31 March	40
07.01	ex H. Onions, shallots and garlic: - Onions from 1 February to 30 April	50
	- Garlic, from 1 February to 31 May	50
	M. Tomatoes: ex I From 1 November to 14 May: - From 1 December to 31 March	60
	ex S. Sweet peppers: - From 15 November to 30 April	40
	ex T. Other: - Aubergines, from 15 January to 30 April	60
	- Pumpkins or gourds and courgettes, from 1 December to the last day of February	60
07.05	Dried leguminous vegetables, shelled, whether or not skinned or split: B. Other (than for sowing)	80
08.01	Dates, bananas, coconuts, Brazil nuts, Cashew nuts, pineapples, avocados, mangoes, guavas and mangosteens, fresh or dried, shelled or not: H. Other (Mangoes, guavas and mangosteens)	40
08.02	Citrus fruit, fresh or dried: ex A. Oranges: - Fresh	60
	ex B. Mandarins (including tangerines and satsumas); clementines, wilkings and other similar citrus hybrids: - Fresh	60
	ex C. Lemons: - Fresh	40
	D Grapefruit	80
	ex E. Other : - Limes	80
ex 08.09	Other fruit, fresh: - Watermelons, from 1 April to 15 June	50

SECRET

CCT heading No	Description	Rate of reduction %
09.04	Pepper of the genus 'Piper'; pimento of the genus 'Capsicum' or the genus 'Pimenta': A. Neither crushed nor ground: II. Pimento: c) Other	80
09.09	Seeds of anise, badian, fennel, coriander, cumin, caraway and juniper	80

Several protocols defining the operational relationship between the EC and Jordan were generated between 1977 and 1996. Four protocols were signed focusing on the technical and financial aspects of the cooperation. The total amount of loans received by Jordan from the EC until 1996 were 198 million ECU; the total amount of grants was 111 million ECU; the total amount of risk capital allowance was 4 million ECU; and special term loans, 11 million ECU. All these protocols, especially the last two, considered the agricultural sector in Jordan as a priority. Loan interest rates on bank loans were 2% for each of the protocols.

Other protocols were also signed by Jordan and the EC after the accession of Spain, Portugal and Greece to the Union. As a result to these protocols, The EC abolished in 1993 all custom duties for Jordanian fresh vegetables, fruits and cut flowers. It continued, however, to impose a quota of 50 tonnes on cut flowers. All other quotas were also abolished.

The protocol concerning the definition of "Originating Products and Methods of Administrative Cooperation" defined and elucidated the criteria for what is or is not considered an original product. In brief, the agreement stipulated that for Jordanian products to be considered original, they should be harvested there. Under this protocol, the Jordanian exporter is expected to preserve the merchandise in good condition during transport and storage by ensuring it is ventilated, spread out, chilled, etc. The product, where and when necessary, should be packaged, broken-up and assembled. This includes the affixation of 'marks, labels' and all other distinguishing signs.

This protocol allows single consignments to be transported through third countries' territories enroute to the EC. Such products should strictly transit through those countries due to geographical advantages which would

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facilitate a cost effective export process. Proof for such a 'transit' situation should be issued by the customs authorities of the transit country describing the goods and providing the loading and unloading dates as well as conditions under which the goods remained in transit. Evidence of the originating status of products should be verified by the Movement Certificate EUR 1.

IV. Assessment of Jordan's Agricultural Sector Vis-a-Vis Exports to the EC

A. Exports

Jordan's exports of fresh vegetables and fruits have experienced several 'ups' and 'downs' in the past fifteen or so years. On average, Jordan currently has the production capacity of roughly 850,000 tonnes fresh vegetables and fruits and can export over 500,000 tonnes. Record exports, for example, were reported in 1982 (about 515,000 tonnes); exports declined in 1987 to 352,000 tonnes but rose to 551,000 tonnes in 1989. The Gulf region which normally consumes over 99% of Jordan's vegetables and fruits became a liability when it imported less than 119,000 tonnes in 1991. Jordan's exports in 1993 and 1994 were 345,000 tonnes and 282,000 tonnes respectively. Of these exports, vegetables constituted roughly 70% and fruits 30%.

Jordan's exports to Europe in 1994 as a whole (including Turkey) amounted to just 4,788 tonnes. Of these exports, 3,843 tonnes were vegetables and 946 tonnes were fruits. Exports to Europe represented about 1.7% of Jordan's total exports.

When eliminating the non EC countries from the European market, Jordan's total fresh vegetables and fruits exports to Holland, France, Denmark, Austria, the UK, Belgium, Sweden and Germany amounted to 1,483 tonnes only. This amount represented only 0.5% of all Jordan's vegetable exports. Of these, vegetables amounted to 1,160 tonnes or 0.4% of all exports; fruits amounted to 323 tonnes or 0.1%.

As for cut flowers, exports to the UK, Austria, Germany, Holland and France in 1993 were 3,770 Kgs or JD 9,650. Jordan's revenue from cut



flower exports to the EC represented 2.8% of all revenues from cut flower exports. The fact, however, remains that Jordan's cut flower exports to the EC were less than four tonnes in 1993 against a quota of 50 tonnes imposed by the EC.

B. Costs and Profits

Based on a study conducted by the Agricultural Marketing Organization in 1993, export costs were estimated at JD 771 per tonne or JD 3.86 per packet. This excluded any custom duties since none was charged by the EC (customs were practically abolished in 1992 rather than the official 1993).

Exporters' profits varied from one country to another and from one product to another. Germany's market allowed the highest profit returns for Jordanian products especially for tomatoes and aubergines. Overall, exports were profitable except in certain months. Beans exports to Germany, for example, showed losses in March, June, July, August and September (-9%, -12%, -26%, -26%, and -11% respectively). In France, losses for beans were reported in July and September (-8% and -1% respectively). The UK market experienced an overall loss of 1.3% for all beans exports in 1993.

V. Analysis, Conclusions and Recommendations

A. Analysis

1. General Statement

The export status of fresh fruits, vegetables and cut flowers to the EC is marginal if not insignificant. Although the EC has lifted all custom duty restrictions and quotas on all fresh Jordanian vegetable and fruit products (except for the 50 tonne ceiling on cut flowers), exports have declined in the past few years. In investigating the needs of the EC for any of the popular vegetables and fruits produced in Jordan, it is evident that Europe is self sufficient because of products provided by the European farmers or by the Maghreb countries. Indications are strong that Jordanian exports to the EC will continue to decline in the coming few years. Coupled with this



decline, profit margins will also decrease due to extensive competition by the EC farmers and by the Maghreb exporters.

EC's attitude towards Jordanian fresh vegetable and fruit products, however, remain both open and positive. The issue, for them, is whether the agricultural sector in Jordan is able to produce quality products in adequate numbers and at prices which are competitive within EC countries. To do so today, Jordan's producers will need to invest heavily into the modernization and expansion of the agricultural sector in order to produce larger quantities at acceptable international standards. This process will undoubtedly require time and effort before it begins to pay-off to exporters and farmers alike.

Clearly, this study has shown that the agricultural trade relationship between Jordan and the EC has not been fruitful for the Jordanian farmer. Overall, such exports have rarely exceeded a fraction of one percent of Jordan's total exports and have also showed varying and often unreliable degrees of profitability.

The primary market for Jordanian agricultural products remain the Gulf and its immediate neighbours. Unless and until the agricultural sector undergoes structural reform in a relatively radical fashion, the European market will remain elusive.

The new peace treaty with Israel opens several windows of opportunity for the Jordanian exporter. Israel is a new market for Jordan and exports to it can be very cost effective.

Furthermore, through a common agricultural policy with Israel, similar to that among the EC members, Jordan can ensure a steady growth in the production of quality fresh vegetables and fruits. Finally, Israel can serve as a transit territory for re-exports to Europe and other countries. With advanced technology for sea storage and freight, some products can become very profitable.

2. Future Direction for Negotiations with the EC

It is very likely that the European Community will increase its support to the Mediterranean basin beginning 1996 from the current 4 billion ECU to a 5.5 billion ECU. It is also anticipated that the allocation of such new funds will be based on 'a first come first serve' basis. Countries in the

region are expected to submit their priorities and needs in a convincing fashion in order to qualify for these funds.

The EC/Jordan protocols between 1977 and 1996 have emphasized the agricultural sector as a priority. It is obvious, however, that this sector has not received the attention it required. Instead, very little funds have been expended on agriculture because of other governmental priorities and concerns. During the current protocol (1992 - 1996) for example, Jordan allocated 8 million ECU for agriculture but then diverted these funds to other priorities. Of course, the fact that the EC's aid package of 126 million ECU is hardly enough for Jordan's industrial and structural requirements combined is perhaps an important cause for this diversion.

While future agreements between the EC and Jordan may not be similar to those concluded in the past, any new agricultural trade protocols between Jordan and the EC should focus attention on at least the following:

1. Jordan and the EC should focus their trade agreement on a few select agricultural and fruit products which are needed in Europe and can be successfully grown in Jordan. This shouldn't include products such as tomatoes, aubergines, large cucumbers, oranges and the like during the 'high export season'. Europe is completely saturated with these products during these months.
2. Jordan should prepare and submit to the EC a business plan related to the method and cost of developing the above select products (undetermined yet) in order to secure additional loans and grants which could support this endeavour. A long term plan (5+ years) should be developed based on a comprehensive market study of EC's needs.
3. Jordan should introduce a clause into any new agreement which would allow it, for the duration of said agreement, to market its new products at a wholesale price at up to 25% less than the EC's reference price.
4. Jordan should introduce a clause which allows its new or enhanced products free access to the EC without custom duties and quotas, at any time of the year.
5. Jordan should secure the support of the EC to export some of its 'enhanced' vegetables and fruits (e.g. tomatoes, oranges, etc.) during the 'low export season' at wholesale prices which are up to 30% less



than the reference price in Europe. Here Jordan should attempt to modernize its vegetables and fruits production and maintenance mechanisms in order to penetrate the EC market at times when the competition is lowest and the need is highest in certain EC member states. Surplus vegetables and fruits in Jordan should be of such a quality standard which can compete with say Morocco's tomatoes and European oranges and grapes. No custom duties or quotas should be imposed by the EC throughout the year.

B. Conclusions / Summary

- Jordan's export of vegetables and fruits to the EC has not been successful or beneficial to Jordanian producers and exporters.
- The 'horizontal shot gun' approach of exporting as many products as possible to the EC has proved to be futile and unproductive. Very little thought or planning has taken place regarding how best to market Jordan's products in the EC.
- Jordan's export status vis-a-vis the EC cannot be compared to that of say Israel, Cyprus, Turkey or Morocco. Israel, Cyprus and Turkey have association agreements which are based on reciprocity. The EC agreement with Morocco is clearly based on the ability of the latter to export high quality needed products, such as tomatoes. Although Morocco's application to join the EC has been denied, it has been accorded special favours due to its ability to market vegetables successfully as well as because of its geographical proximity to Europe.

Jordan, on the other hand, has been accorded a 'most preferred nation' status through the elimination of custom duties and quotas (except for cut flowers). Its quality/volume of agricultural products, however, have not been competitive with other Maghreb and some Mashreq exporters.

- Due to the availability of scarce amounts of vegetables and fruits which meet European export standards, cost effectiveness and profitability of exports have almost always fluctuated between profit and loss. The method of selecting the proper products for exports has been both costly and time consuming.



An indirect effect for the product selection process is that vegetables and fruits which remain in Jordanian markets often lack the quality desired by the local consumer. 'Left overs' are not always of acceptable quality, and this, in turn, causes price dumping.

- Though Jordan receives a relatively reasonable aid package from the EC (compared to its population size), it is suspected that the funds have not been sufficient. The agricultural, industrial and structural needs of the country necessitate an 'overdose' of recovery funds in order to allow the economy a proper 'take-off'.
- The funds allocated to technical support and research & development have been less than desired. Project formation and management in any of the vital economic sectors, especially the agricultural one, requires resident technical know-how which is available to ensure the successful culmination of the project(s).

C. Recommendations

1. Internal (In-country)

- 1.1 Jordan should put in place a master plan which defines its objectives, method of operation and financial/technical requirements for the modernization and enhancement of its agricultural export sector. This plan should be part of a strategy aiming at the development of the agricultural sector in the short, medium and long terms.

Rationale

Jordan should project for and make long term commitments towards a growing export sector for both the Middle East and Europe. A Master Plan should consider Jordan's long, medium and short term goals and objectives; undertake all the required studies to put in place modernization and quality enhancement plans, and institute a project management framework for the monitoring and evaluation of its Master Plan's progress.



Unless and until the agricultural export sector is dealt with seriously, it will continue to experience drastic changes which are haphazard, risky and at times degrading.

- 1.2 Jordan should undertake a comprehensive survey of the EC's agricultural market with a particular emphasis on defining a future niche for specific vegetables and fruits which promise significant accessibility and profitability.

Rationale

Following the Moroccan survey example which culminated in the enormous success of the export of tomatoes, Jordan should seriously study the European market with an eye at the following:

- Survey of the vegetables, fruits and cut flowers production trends and marketing/distributorship patterns within and outside Europe.
 - Identification of the needs of the EC market, if any, and the specific months in which these needs are highest. Is the Pummelor, for example, a needed fruit? When? Can Jordanian grapes compete in Europe? How? etc.
 - Assessment of the feasibility of implementing a strategy which would enable Jordan in the short, medium and long terms, respond to the identified needs of the EC.
 - Presentation of a business plan which would chart the way for the producers/farmers regarding project financing, operating capital and cash flow requirements.
- 1.3 Unless the survey referred to above reveals promising indicators for a profitable niche in the EC market, Jordan will be well advised to divert its export efforts from The European Community to the local region.

Success in the European Community market can be best achieved through the export of a select number of products which are highly competitive. Perhaps, the success of two or three products will be a

good enough reason to consider exports to Europe a success. Measures of success could also include the following:

- Volume of exported products should exceed 15% of all exports in the first five years; 20% in the next five years; and 25% in the third five years.
- Profit margin averages in all EC members markets should exceed 28% in the first five years; 32% in the next five years; and 35% in the third five years. With high volume exports, these profit returns will provide a significant contribution to Jordan's economy.

2. External (With the EC Commission)

In future negotiations with the EC, the following should be considered:

- 2.1 Jordan should sustain and then enhance its current trade cooperation status with the EC by securing the abolishment of all custom duties on products exported during summer months.

Rationale

The current trading status of Jordan with EC members is very favourable. This favourable status should be sustained and applied during the coming five years. Currently, Jordan does not pay any custom duties on its products. This status quo should continue. In the event, the EC charges a particular custom duty for summer exports by Jordan (e.g. grapes), these should be removed.

- 2.2 Jordan should propose a select number of vegetables/fruits and request from the EC favourable treatment based on the defined need of the market as well as the assured quality standard of the product. The favourable treatment should include the EC's:

2.2.1 Allowance of these products to be sold at 50% less than the reference price for two years; and 30% for another five years.

2.2.2 Allowance of the products in 2.2.1 a ceiling (quota) equivalent to at least 25% of Jordan's total exports during the first five years; 35% of Jordan's total exports in the next five years; and 25% of Jordan's total exports in the third five years.



Rationale

Jordan should seriously attempt to diversify its export markets. If successful in identifying a select number of products which are needed by the EC, Jordan should attempt to follow the Moroccan (e.g. tomatoes) and Israelis experiences (over 80% of Israel's export of agricultural products go to the EC) in attaining a high export volume to the EC. It is assumed that farmers/producers focusing on these particular needed products should devote their farms to European exports. These farms should also increase in size and production capacity in a gradual fashion.

The European Commission should have no objection to high quota (ceiling) figures, provided the products have a special niche in some or all member markets. As far as prices are concerned, the EC may or may not have reference prices for perhaps a product that is unique. If it did impose a reference price, Jordanian exporters will stand to benefit from selling their products at 50% less than the reference price. This will help them market the products in a manner which ensures future success.

It is important to note here that the production, handling and export of these products should be cost effective and adhere to the criteria spelled out in the business plan.

- 2.3 The EC should increase its risk capital allotment to 35 million ECU in the first three years and 25 million ECU in the following two years, or a total of 60 million ECU in five years.

Rationale

Grants and loans should be directed at assisting farmers/producers with capital outlays to undertake a modernized farming process leading to successful production results. Farming, production and exporting should become a serious business undertaking in order to allow the newly identified vegetable and fruit products find their way to the EC market as suggested above. A pre-requisite for this end-result is perhaps the availability of European technical support, research & development assistance and equity participation by European importers.

الجمهورية العربية السورية
مجلس الوزراء
الوزارة العامة

MAIN REPORT



I. Introduction

Economic cooperation between Jordan and the European Community goes back several years. Both entities signed a **Cooperation Agreement** on January 18, 1977. The **Agreement** delineated the nature, scope and focus of the economic relationship between **Jordan** and **The Community**. A built-in stipulation allowed for possible future changes; especially those leading to the **Community's enlargement**.

The **Cooperation Agreement** also served as a base for the development of supporting **Protocols** which covered the financial trade and technical aspects of the relationship. The financial and technical protocols defined and elucidated the conditions and objectives of **EC's grants and loans** to Jordan. The trade protocols indicated the custom duties, quotas and price ceilings imposed by **EC** on Jordanian agricultural and industrial products. The current protocol run out on October 31, 1996.

This study re-visited the agricultural agreement between Jordan and the **EC** and explored avenues which would enhance or lift the conditions and constraints imposed by the **Community**. Such an undertaking was carried out on the bases of Jordan's exporting experience during the past sixteen years and in light of its current options and opportunities pursuant to the ratification of the peace treaty with Israel. Undoubtedly, the present status of Jordan, economically and politically, calls for a strategic plan which would incorporate its agricultural policies and export practices to Europe with those pertinent to neighboring countries. Clearly, the peace treaty with Israel has several economic implications and ramifications:

The **first** is one which would call for a re-definition of the global market for Jordan's agricultural products based on new possible priorities. The **second** is the probable emergence of Israel as a serious competitor in the Gulf market: markets which ordinarily consume over 99% of Jordan's agricultural exports. The **third**, is the need for perhaps an aggressive attempt by Jordan to diversify its agricultural products in a manner that would allow it to sustain exclusivity of certain markets vis-à-vis certain products. The **fourth**, is clearly the need for Jordan to introduce stringent quality control mechanisms and measures which would ensure the cost effective production of quality products in order to compete favorably within the region and in Europe; and many others.



Evaluating the agricultural agreement with the Community, therefore, should be done within the context referred to above. The scope of this study, however, is very narrow and specific. Hence, this document will consist of the following sections :

- EC's philosophy, strategy and policy towards Jordan and countries of the Mediterranean basin
- EC / Jordan Cooperation Agreement
- Protocols between EC and Jordan
- Assessment of Jordan's Agricultural sector vis-a-vis exports to EC
- Analysis, conclusions and recommendations regarding the future agreements between the EC and Jordan.

II. Objectives

This study's overall aim was to examine and assess the agricultural agreement between Jordan and the European Community. More specifically, the study's objectives focused on:

- Reviewing and explaining the EC's policy, philosophy and attitude towards the Mediterranean basin.
- Reviewing, explaining and evaluating the Cooperation Agreement and relevant protocols between Jordan and the EC.
- Comparing and contrasting EC provisions and/or conditions with regard to Jordan's agricultural exports to the EC with other countries in the region.
- Recommending directions for future agreements with the EC.

III. Research method

The principal investigator and research assistants in this study sought information from a variety of sources. These included:

- EC documents and publications.
- Cooperation Agreement and Protocols between Jordan and the EC.
- Cooperation Agreements and Protocols between a select number of Mediterranean countries and the EC.



- Statistics and other data provided by Agricultural Marketing Organization.
- Officials from a variety of associations, government departments, the EC representative office and others.

The information provided by the above sources were synthesized and evaluated in order to arrive at proposed conclusions and recommendations as they relate to the future trade relationship between the EC and Jordan.

IV. The EC's Philosophy, Policy and Attitude Towards the Mediterranean Basin

A. An Overview

EC's views of the Mediterranean basin are motivated by a desire to sustain an economically healthy, politically stable and a peaceful neighborhood. The EC, primarily an economic union with political overtures and ramifications, has sought since its inception (1951) to secure markets in Africa, the Mediterranean region and the Arab World.

Conflicts in the Middle East region, however, prevented the formation of any regional form of a union or association, thus forcing the EC to cooperate independently with each country.

It is critical for the reader to understand that the EC distinguishes between the needs of the Southern Mediterranean shores countries and those of the Northern shores nations. With the exception of Israel. The Community perceives the needs of Jordan, Syria and Lebanon differently from say, Cyprus, Malta and Turkey. Southern Shores Countries' GDP is significantly lower from that of the Northern Shores Countries. The former suffers from an extensive cumulative trade deficit of approximately \$ 18 billion coupled with a heavy debt service commitment and a negative food balance. Today, EC has made available over ECU 2.0 billion to these countries to assist them between 1991 and 1996. The amount is expected to reach 5.5 billion for the next five years. Such assistance is stipulated in the financial protocols' loan assignments which supports structural adjustment, the business and human resource endeavors, and the protection of the environment.



Accordingly, the EC's cooperation with countries like Jordan is non-reciprocal. This means that the Community does not expect an equal treatment by Jordan in return to its support and aid. The same is not true with countries such as Israel, Cyprus, Turkey and Malta. Here, the relationship of the EC with these countries has been reciprocal, though gradual (gradual reciprocal policy). The 'gradual' nature of the policy aims at providing these countries with a 'head start'. While the EC has cooperation agreements with Jordan, Syria and Lebanon, it has, association agreements with Cyprus, Malta and Turkey. This distinction between the Southern and Northern regions makes it very difficult, if not impossible, to draw comparisons of the trade benefits between one group and the other. Both groups are perceived by the EC as a distinctly different regions which require different types of agreements.

The Mediterranean basin is also perceived by the EC as the Maghreb and Mashreq regions. The Maghreb region consists of Morocco, Algeria and Tunisia. The Mashreq region consists of Egypt, Syria, Jordan and Lebanon. Israel is the only country which is part of the Mashreq but is not treated in the same manner. All other Arab countries are considered part of the Arab World region (e.g. Yemen, GCC).

B. The EC's Financial Contribution to Mediterranean Countries

The EC's philosophy and attitude towards countries in the Mediterranean basin is based on the premise that it should be a region of peace and economic growth. This has been translated into several tangible policies and practices. Most noticeable of these policies is the EC's financial support to these countries through five-year protocols. Table One below reflects the financial support provided by the EC through these protocols to the countries in the Mediterranean basin:

TABLE 1

**EC's Financial Support to The Mediterranean Basin
(Million ECU)**

Country	Loans (EIB)		Capital Risk		Grants		Total	
	1988-1991	1992- 1996	1988-1991	1992- 1996	1988-1991	1992- 1996	1988-1991	1992- 1996
Jordan	63	80	2	2	35	44	100	126
Syria	110	115	2	2	34	41	146	158
Lebanon	53	45	1	2	19	22	73	69
Israel	63	82	-	-	-	-	63	82
Algeria	183	280	4	18	52	52	239	350
Egypt	249	310	11	16	189	242	449	568
Morocco	151	220	11	25	162	193	324	438
Tunisia	131	168	6	15	87	101	224	284
Total	1,003	1,300	37	80	578	695	1,618	2,075
Percent of Increase		29.6%		116.2%		20.2%		28.2%

It is important to note that Jordan's EIB loans under the 1988 - 1996 Protocol represented 6.2% of the Bank's total grants to the region. Under the 1992 - 1996, protocol, the loan to Jordan represented about 6.1% of the total amount of loans offered to the Mediterranean Countries. Capital risk support to Jordan represented 5.4% of the total under the 1988 - 1991 Protocol and 2.5% of the total under the 1992 - 1996 protocol. Grants to Jordan represented 6% of the total under the 1988 - 1991 and 6.3% under the 1992 - 1996 protocols. Table Two below shows each Mediterranean Country's share under 1988 - 1991 and 1992 - 1996 protocols.

TABLE 2

**Mediterranean Countries' Financial Support of Total
Aid (ECU)**

Country	Loans (EIB)				Capital Risk				Grants			
	1988-1991	R	1992- 1996	R	1988-1991	R	1992- 1996	R	1988-1991	R	1992- 1996	R
Jordan	6.28	6	6.15	7	5.40	4	2.50	5	6.05	5	6.33	5
Syria	10.96	5	8.84	5	5.40	4	2.50	5	5.88	6	5.89	6
Lebanon	5.23	7	3.46	8	2.70	5	2.50	5	3.28	7	3.16	7
Israel	6.28	6	6.30	6	-		-		-		-	
Algeria	18.24	2	21.53	2	10.81	3	22.50	2	8.99	4	7.48	4
Egypt	24.82	1	23.84	1	29.72	1	20.00	3	32.69	1	34.82	1
Morocco	15.05	3	16.92	3	29.72	1	31.25	1	28.02	2	27.76	2
Tunisia	13.06	4	12.92	4	16.21	2	18.75	4	15.05	3	14.53	3

* R= Rank



Tables One and Two indicate clearly that Egypt, Algeria, Morocco and Tunisia receive the lion's share of the EC's financial aid package. All other countries (except Israel which is accorded a different status by the EC) fall far behind these African nations: Under the 1992 - 1996 protocol, Jordan ranks 7th as far as loans are concerned; it ranks 5th as far as capital risk support and grants are concerned. While Syria receives more loans (115 million ECU vs. 80 million ECU for Jordan), it does, however, receive less grants than those received by Jordan (41 million ECU vs. 44 million ECU for Jordan). Lebanon ranks last and receives considerably less loans and grants than Jordan.

In the case of Cyprus, Malta and Turkey which have Association (rather than Cooperation) Agreements with the EC, Table Three shows that they receive ECU million 62, 38 and 600 respectively. The Association Agreements between the EC and Cyprus, Malta and Turkey yielded the following:

TABLE 3
EC's Support to Cyprus, Malta and Turkey
(Million ECU)

Country	Loans (EIB)		Capital Risk		Grants		Total	
	1988-1991	1992-1996	1988-1991	1992-1996	1988-1991	1992-1996	1988-1991	1992-1996
Cyprus	44	-	5.0	-	13.0	-	62	-
Malta	23	-	2.5	-	12.5	-	38	-
Turkey	-	550	-	-	-	50	-	600

Turkey seems to be the country with the greatest benefit from the EC. Somehow, the EC has tried to compensate Turkey for its inability to join the Community mainly because of Greece's opposition.

C. Status of the EC's Agricultural Policy

1. The Internal Front (EC Countries)

The EC is a primary producer of agricultural products. Pivotal to the agreement among European Community Countries is the Common Agricultural Policy which stipulates the method of financing of the European Agricultural sector. The Community supports European



farmers in producing and marketing their products. As a result, Europe is today abundantly, if not, overwhelmingly, stocked with agricultural products or by-products due to enhanced production by local farmers. This, of course, has forced the EC to behave in a protectionist fashion towards Third Country Exporters. Attempts, however, have been made by the EC Commission to introduce changes which would align Europe with GATT's requirements which support farmers, internationally, and stipulate the removal of restrictions on accessibility of imports. Europe's Internal Agricultural Policy can be summarized as follows:

1. Increase of agricultural production by utilizing modern technology.
2. Guaranteeing rural areas a decent standard of living.
3. Ensuring market stability through the availability of products in a balanced fashion. This requires the conclusion of agreements with Third Countries which would ensure the availability of vital products in the market place.
4. Ensuring the availability of imports of needed agricultural products through agreements with Third World Countries. These agreements normally cover products which are scarce or not available in Europe. These agreements provide a Generalized System of Preferences (GSP) for about 128 countries: The agreements reduce or cancel tariffs for over 400 agricultural products.
5. The guaranteeing of adequate and reasonable consumer prices within Europe. Here, it is important to note that the EC subsidizes the purchase of vital items such as milk for school children.

2. The Foreign Front : Issues and Advocacies

The internal agricultural policy of the EC has a direct and significant influence on Europe's negotiating stance with Mediterranean agricultural exporters. The EC's protectionist attitude has caused frustrations among Mediterranean exporters who have often accused the EC of discrimination against their products. Exporters have claimed that EC's discriminatory policies defeat its original aims of support to the Mediterranean region.

EC's officials, however, insist that in a highly competitive market such as Europe's, imports must be carefully delineated to compliment the products



in Europe rather than compete with them. Further, EC holds the view that price points for exporters should be at or little higher than the reference prices adopted by European producers. Here, the EC is concerned that lower price exported agricultural products will, undoubtedly, diminish the market share of European farmers. They claim that Mediterranean exporters, who understand and abide by the principles mentioned above will indeed do good business in Europe.

In addressing the issues between the EC and its Mediterranean Neighbors, the Commission has recommended strongly that exporters in both the Maghreb and Mashreq regions should study carefully the exact needs of the European agricultural market and address these needs. This, of course, will require the establishment of an agricultural production program which adopts advanced technologies and marketing strategies. Production of particular product lines will have to be well timed to meet the seasonal requirements of the Continent.

Here it is worth noting New Zealand's success story with its modular Kiwi fruit which now commands a sizeable share of the EC market. Similarly, Israel, Morocco and Tunisia have had success stories along similar lines. Today, Israel exports over 80% of its agricultural products to Europe. Morocco, through its privately run Atlas Fruits Office, has raised its fruits and produce exports by 69% during 1991 and continue to improve its share of the EC market. Also, Tunisia raised its Olive Oil exports between 1987 and 1991 by over 584% to compete favorably with other European producers. All these success stories have happened despite the imposed quotas and tariffs on imports to the EC market.

3. EC's Re-directed Mediterranean Policy (RMP)

After the accession of Spain and Portugal to the EC, the latter incorporated a clause into the Protocols with **Mediterranean Third World Exporters** stipulating that all custom duties/tariffs will be removed by early 1996. The rationale was that these Mediterranean countries should be accorded exporting advantages similar to those provided to Spain and Portugal.

The **Mediterranean** agreements between the EC and the respective Mediterranean countries, however, redirected the Community's Mediterranean Policy. All tariffs/custom duties were canceled by January,



1993. Europe's basic requirement today is the compliance of Mediterranean exporters with the reference price adopted by EC members. For some countries, the principle of quotas is adopted for each agricultural product. It is, of course, anticipated that with the possible entry of all Mediterranean countries into the GATT system, the issues of tariffs will eventually become a thing of the past.

Today's protocols between the EC and the Mediterranean countries (based on RMP) focus on providing the said countries with the following support in the agricultural sector:

1. Financial support to agricultural projects
2. Financial support to rural development
3. Capital investment in small to medium agricultural business organizations, especially those aiming at marketing agricultural products.

V. Jordan's EC Cooperation Agreement and Protocols

This section summarizes the original Cooperation Agreement and the various protocols and amendments between Jordan and the EC. Emphasis will be on the agricultural sector.

A. Original Agreement - January 18, 1978 (Appendix I)

The Agreement consists of three Titles which include 48 articles defining the nature and scope of the relationship between Jordan and the EC. The objective of the Agreement under Title I is:

" to promote overall cooperation between the contracting parties with a view to contributing to the economic and social development of Jordan ..."

The fields of cooperation include "economic, technical, financial and trade". More specifically, the cooperation aimed at the "...modernization of (Jordan's) agriculture..." as well as, "the marketing and promotion of sales of products exported by Jordan". Among other things, the



Agreement promotes the removal of tariffs and quotas and allows for cooperation in the fisheries.

Title II of the Agreement focuses on the Trade relationship between Jordan and the EC. One objective of the trade cooperation is to:

"Promote trade between the contracting parties, taking account of their respective levels of development and of the need to ensure a balance in their trade, with a view to increasing the rate of growth of Jordan's trade and improving the conditions of access for its products to the Community market".

All products which have quotas and /or custom duties imposed by the Community are listed in the Cooperation Agreement's Annex II., List A (See Appendix II). All other products were exempted from custom duties and quotas. An example of the exports covered by custom duties in 1978 were vegetables (fresh, cooked or otherwise) fruits (fresh or cooked), cereal flours, cereal grouts and cereal meal, flours of the leguminous, malt, starches, wheat gluten and malt extracts.

As for agricultural products which would benefit from custom duty reductions, Article 17 spells out such reductions as shown in Table Four below:

TABLE 4
Custom Duty Reductions

CCT heading No	Description	Rate of reduction %
05.04	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof	80
07.01	vegetables, fresh or chilled: F. leguminous vegetables, shelled or unshelled : II. Beans (of the species phaseolus): ex a) From 1 October to 30 June: - From 1 November to 30 April	60
	ex III. Other: - Broad beans (Vicia Faba major)	40
	G. Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots: ex II. Carrots and turnips: - Carrots, from 1 January to 31 March	40



CCT heading No	Description	Rate of reduction %
07 01	ex H. Onions, shallots and garlic: - Onions from 1 February to 30 April - Garlic, from 1 February to 31 May M. Tomatoes: ex I From 1 November to 14 May: - From 1 December to 31 March	50 50 60
	ex S. Sweet peppers: - From 15 November to 30 April	40
	ex T. Other: - Aubergines, from 15 January to 30 April - Pumpkins or gourds and courgettes, from 1 December to the last day of February	60 60
07 05	Dried leguminous vegetables, shelled, whether or not skinned or split: B. Other (than for sowing)	80
08.01	Dates, bananas, coconuts, Brazil nuts, Cashew nuts, pineapples, avocados, mangoes, guavas and mangosteens, fresh or dried, shelled or not: H. Other (Mangoes, guavas and mangosteens)	40
08.02	Citrus fruit, fresh or dried: ex A. Oranges: - Fresh ex B. Mandarins (including tangerines and satsumas); clementines, wilkings and other similar citrus hybrids: - Fresh ex C. Lemons: - Fresh D. Grapefruit ex E. Other : - Limes	60 60 40 80 80
ex 08.09	Other fruit, fresh: - Watermelons, from 1 April to 15 June	50
09.04	Pepper of the genus 'Piper': pimento of the genus 'Capsicum' or the genus 'Pimenta': A. Neither crushed nor ground: II. Pimento: c) Other	80
09 09	Seeds of anise, badian, fennel, coriander, cumin, caraway and juniper	80



A specific reference was made to lemons in that its retail price in the EC markets should not be less than the reference price adopted in Europe plus "the incidence on the reference price of the customs duties actually applied in respect of Third Countries".

In comparing EC's custom duties under the original Cooperation Agreement on agricultural products from the neighboring countries (Lebanon and Israel), very insignificant differences exist as shown in Table Five below:

TABLE 5
Comparison of Custom Duties
Among Jordan, Lebanon and Israel

Product	Reductions		
	Lebanon	Jordan	Israel
- Fresh or Chilled Vegetables	50 %	40 %	40 %
- Onion, Shallots, Garlic	50 %	50 %	60 %
- Guts, Bladders & Stomachs of Animals	80 %	80 %	-
- Sweet Peppers	40 %	40 % (15 Nov-30 Apr)	40 %
-Dried Leguminous, Vegetables Shelled-Skinned or Split	80 %	80 %	-
- Dates, Bananas, Coconuts, Brazil Nuts, Cashews, Pineapples, Avocados, Mangoes, Guavas:			
Dates	80 %	-	-
Avocados			80 %
Others	40 %	40 %	40 %
- Citrus Fruits (fresh or dry)			
Oranges	60 %	60 %	60 %
Lemons	40 %	40 %	40 %
Grapefruit	80 %	80 %	80 %
Lime	-	80 %	-
Grapes	60 %	-	-
Water Melons	-	50 %	50 %
- Pepper of the Genus "Piper"	-	80 %	30 %
- Seeds of Anise, Badian, Fennel, Coriander, Cumin, Caraway and Juniper	80%	80%	

Jordan's products are fewer than its neighbours. The Agreement also restricts EC member countries from reducing their custom duties on Jordanian imports to a level lower than the EC figures. The Community, however, stipulated under Article 11 that in the event its policy regarding Jordanian imports (Annex of the Agreement, Appendix I) undergoes any changes, Jordan will be accorded favorable terms similar to those available in Article 17, Paragraph 1. At no time, however, will Jordan be accorded better terms than those



"applied by the member states between themselves". In return, the Community expects to be treated by Jordan as the "most favored nation" treatment. Furthermore, Article 22 stipulates that Jordan will be allowed to introduce new custom duties or quotas/ceilings on imported products originating from the Community if such measures "are necessitated by Jordan's industrialization and development requirements". Such measures should "treat the Community as a single entity".

Under Title III, Article 34 stipulates the establishment of a **Cooperation Council** "for the purpose of attaining the objectives set out in the Agreement". The Council has executive powers and its decisions are binding to Jordan and The EC. Council members represent both contracting parties and the position of Council President is held alternately by both parties.

Article 45 presents an exit clause for both parties. Each party can notify the other of its intent to discontinue the Agreement and as such the Agreement will cease 12 months thereafter. The Agreement is not limited by a particular time duration.

B. Protocol 1 On Technical and Financial Cooperation (1977)

The first protocol, signed in 1977 was followed by other protocols with the last (current) protocol culminating in 1996. Protocol I provided the basis for how The **Cooperation Agreement** would be best implemented. All other protocols represented variations of or additions to Protocol I.

The overall aim of the protocol is best expressed in Article 1: "The Community shall participate, within the framework of financial and technical cooperation, in the financing of measures such as will contribute to Jordan's economic and social development". The EC devoted 40 million Units of Account (EUA) (each UA was equal to the value of 0.88867 grams of fine gold) to Jordan in the form of loans and grants to support the achievement of its aim. More specifically, the funds were categorized as follows:

1. 18 million EUA as loans from the European Investment Bank (EIB) at a 2% finance charge (or interest). This will be paid for by the grants provided to Jordan.



2. 18 million EUA as grants and,
3. 4 million EUA special term loans at 1% interest for a 40-year period.

The above funds were earmarked at financing capital investment projects in the fields of production and economic infrastructure aimed at "diversifying Jordan's economic structure, and especially at promoting its industrialization and modernizing its agriculture...". The funds were also intended to assist Jordan by providing technical support for capital investment projects as well as for providing training services to Jordanian human resources. None of the money earmarked in this protocol could be used for current or on-going projects of any nature other than those created by the said fund. Funds distribution was intended almost evenly among the five years with perhaps the initial year or two receiving more funds because they represent start-up phases for capital investment projects. All unused funds at the end of the five-year period will be left for Jordan until they are fully exhausted. All loans were through approved Jordanian bodies such as The Central Bank to onlend and administer according to the protocol stipulations.

Eligible institutions which qualify as recipients of funds include in general The Jordanian Government and in particular, Jordanian development agencies; private agencies working in Jordan for economic and social development; industrial and business firms; "Groups of producers who are nationals of Jordan, and exceptionally where no such groups exist, the producers themselves"; and scholarship trainees sent overseas for the furtherance of their skills.

The expensing of financial aid by the EC is based on fully documented requests which meet the objectives of the aid/grants. Each request is studied by the Community and a decision made "for grant or not grant" the funds. It is agreed in the protocol that the EC will see to it that funds are granted and expended according to the agreed allocations as stipulated above. Execution of projects can be implemented by contractors who are legal or natural residents of both Jordan and the EC members. Third Country national will be considered for contract work only in exceptional cases.



C. Protocol 2, Concerning the Definition of "Originating Products" and Methods of Administrative Cooperation

This protocol defines the criteria by which products are considered original or are not original. It also outlines the conditions for exporting from Jordan and defines all the relevant documentation.

Articles 1 - 5 under Title I define the fresh agricultural products originating in Jordan as those harvested there. The Jordanian Exporter is expected to preserve the merchandise in good condition during transport and storage by ensuring it is ventilated, spread out, chilled, etc. The product, where necessary, should be washed and cut up. The Jordanian Exporter is also responsible for the packaging, breaking and assembling of consignments. This includes the affixation of "marks, labels" and all other distinguishing signs of the products and packages.

The protocol allows for single consignments to be transported through Third Countries' territories enroute to the EC. Such products should strictly transit through these countries due to geographical advantages which facilitate a cost effective export process. Proof for such 'transit' situation should be provided through the bill of lading (covering the use of the territories of another country), a certificate should be issued by the customs authorities of the transit country describing the goods and providing the loading and unloading dates as well as conditions under which the goods remained in transit.

Under Title II of the protocol, evidence of the originating status of products is verified by the **Movement Certificate, EUR 1** (See Appendix III, Annex V). This applies to air, land or sea shipments. Postal shipments are monitored by the **Movement Certificate, EUR 2** (Appendix IV, Annex VI) and shall only be products originating from Jordan and do not value at more than 1000 EUA per consignment. EUR 1 and EUR 2 should be provided by the Jordanian authorities upon exporting of products. Such certificates should be submitted within five months of issue by Jordan's customs authority to the EC's authorities. All Goods imported by Jordan from the EC receive similar treatments. Excluded from EUR 1 and EUR 2 are small packages shipped to private individuals and/or carried as accompanied luggage by travelers. This includes occasional importations



by individuals provided they do not exceed 60 EUA for small packages or 200 EUA for contents of luggage accompanied by travelers. Agricultural products on exhibition can also be sold under the auspices of the above stipulations provided EUR forms are duly filled and submitted.

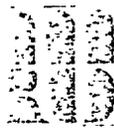
Jordan and the EC are expected to cooperate closely to prevent any forgeries and/or incorrect information on the EUR 1 and 2 forms. Jordan is required to monitor the goods while in port to ensure that no "handling" other than the normal is taking place.

A Customs Cooperation Committee shall undertake to settle all disputes which could not be resolved operationally between the customs authorities of the EC and Jordan. The Committee, of course, can report to the Cooperation Council which may decide to amend any of the provisions of this protocol.

D. Amendments, Adjustments and Additional Protocols

The protocols described above were amended and adjusted as and when the European Community added new members. The accession of Greece (The Hellenic Republic), Spain and Portugal to the Community as well as the agreements with the Canary Islands and Ceuta and Melilla required the introduction of new terms and conditions to regulate Jordan's relationship with the new EC members. As a result, the following protocols were signed between Jordan and the EC:

1. An additional protocol to the Cooperation Agreement between the EEC and Jordan as a result of the accession of Greece to the Community. The protocol was signed in Brussels on 12 December, 1980.
2. An additional protocol to the Cooperation Agreement between the member states of the European Coal and Steel Community (ECSC) and Jordan as a result to the accession of Greece. This protocol was also signed in Brussels on 12 December, 1980.
3. An additional (important) protocol to the Cooperation Agreement was signed between the EEC and Jordan in Brussels on July 9, 1987 and implemented on January 1, 1988.



4. There were joint declarations and exchange of letters by both Jordan and specific EEC members and the Community spelling out the methods of implementation relevant to the **Additional Protocols**. A significant exchange letter was relevant to Article 2 (1) of the **Additional Protocol** regarding the Community's imports of fresh cut flowers and flower buds.
5. Protocol to the Cooperation Agreement between Jordan and the EEC as a result to the accession of Spain and Portugal to the Community. The protocol was signed in Brussels on July 9, 1987.
6. A protocol was signed between Jordan and the member states of the ECSC as a result to the accession of Spain and Portugal. Also signed on July 9, 1987 in Brussels.
7. The second Protocol on **Financial and Technical Cooperation** between Jordan and the EEC was signed in Brussels on June 10, 1982 and implemented on January 1, 1983.
8. The third Protocol on **Financial and Technical Cooperation** between Jordan and the EEC was signed in Brussels on October 26, 1987 and implemented on February 1, 1988.
9. The fourth Protocol on **Financial and Technical Cooperation** between Jordan and the EEC was signed in Brussels on March 16, 1992.

E. Amendments And Adjustments Due to the Accession of Greece, Spain and Portugal

The accession of Greece, Spain and Portugal in the 1980's necessitated the introduction of new articles to the **Agreement** between Jordan and the EEC. The basic thrust of the changes was the alignment of the new members with the **spirit and letter of the Agreement**. Accordingly, all previous custom and tariff constraints between Jordan and the three new members were abolished through periodic reductions over a period of time ending in early 1993. As such, the new amendments stipulated that Jordan will receive a treatment by these countries similar to that of the EC. Today, the EC protocols with Jordan incorporate all member states

1983

The above reductions were fully abolished under this protocol. The period of abolishment shall be over progressive phases similar to those accorded to Spain and Portugal after accession. The Community, however, allowed itself the precautionary measure of establishing a reference quantity (quota) if exports from Jordan became too excessive and, therefore, threatens European farmers. In the event such exports exceeded the proposed quantities, then the EC would also allow itself the right to impose a tariff on the product(s) in question.

All other items mentioned below (Annex B) will undergo a phasing out of custom duties as stipulated above according to the phrases stipulated in the Spain/Portugal Accession Agreement. As far as fresh cut flowers are concerned, however, this phasing out process will occur under a 50 tonne quota limit. Further, certain products in (Annex B), the Table below, will also be restrained by specific quotas.

ANNEX B

CCT heading No	Description
06.01	Bulbs, tubers, tuberous roots, corns, crowns and rhizomes, dormant, in growth or in flower. A. dormant
06.03	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared: A. Fresh (1)
07.01	Vegetables, fresh or chilled: P. Cucumbers and gherkins: I. Cucumbers: ex a) From 1 November to 15 May: - Small cucumbers (a), from 1 January to end February (2)
08.04	Grapes, fresh or dried: A. Fresh: I. Table grapes: ex a) From 1 November to 14 July: - From 1 February to 30 June
ex 08.09	Other fruit, fresh: - Small melons (b), 1 January to 31 March (2)

(1) Within the limit of a Community tariff quota of 50 tonnes.
 (2) Reference quantity of 100 tonnes.
 (a) 'Small cucumbers' are cucumbers of a length not exceeding 15 cm.
 (b) 'Small melons' are melons weighing 600 g or less.



As seen above, cut flowers exports to the EC will be constrained by a 50 tonnes quota; small cucumbers (15 centimeters or less, January 1 - end February) by 100 tonnes; and small melons, 1 January - 31 March. As for vegetables, fresh or chilled, the previous 40% custom duty reduction imposed in the original protocol will be phased out according to Article 1 (1) of the protocol.

This additional protocol established a **Trade and Economic Cooperation Committee** in order to facilitate better and enhance the efficient implementation of the protocol. The protocol, under Article 4, also decided that **beginning 1995**, the two contracting parties will review and examine the results of their cooperation "in light of the objectives defined in the Agreement".

For most products referred to in the protocol, the new quantitative limits commence on **January 1** of each year except for cut flowers, **November 1**; tomatoes, **December 1**; and oranges, **July 1** of each year.

An example of how, say cut flowers exports from Jordan were regulated appears below in the form of a letter from the Community which was later confirmed by an exchange letter from Jordan.

EXCHANGE OF LETTERS

Regarding Article 2 (1), second subparagraph, of the Additional Protocol as regards imports into the Community of fresh cut flowers and flower buds falling within subheading 06 03 A of the Common Customs Tariff

A. Letter from the Community

Brussels,

Sir,

Article 2 (1) of the Additional Protocol provides for the progressive phasing out of customs duties on imports into the Community of fresh cut flowers and flower buds falling within subheading 06.03 A of the Common Customs Tariff, originating in Jordan, subject to a limit of 50 tonnes.

For roses and carnations qualifying for this tariff dismantling, Jordan undertakes to respect the price level on import into the Community as defined below:

- the price level on import into the Community must be at least equal to 85% of the Community price level for the same products over the same periods,
- the Jordanian price level shall be determined by the registration, on the representative Community import markets, of the prices of imported products, customs duties not deducted,
- the Community price level shall be based on producer prices registered on representative markets of the main producer Member States,
- for the analysis of Community producer prices and the import prices of Jordanian products, two types of roses shall be distinguished, those with large and with small flowers, and, for carnations, the unifloral and multi-floral types.

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If, during two successive market days, for the same type of product and for at least 30% of the quantities imported into the Community for which price quotations are available, the Jordanian price level is below 85% of the Community price level, the tariff preference shall be suspended. The Community will restore the tariff preference after registering a Jordanian price level equal or superior to 85% of the Community price level during two successive market days, or six successive working days in the absence of quotations for products originating in Jordan.

If, over five to seven successive market days, the Jordan price level fluctuates around 85% of the Community price level and is below this limit for three days, the tariff preference shall be suspended for a period of six days. However, the preferential customs duty shall be restored by the Community if, during three successive market days, a Jordanian price level is registered equal or superior to 85% of the Community price level.

I should be obliged if you would confirm that your Government is in agreement with the foregoing.

Please accept, Sir, the assurance of my highest consideration.

On behalf
of the Council of the European Communities

Here it must be noted that while total preferential treatment by Portugal was envisioned to become a reality in early 1996, the EC accelerated the pace and effected a custom free relationship with all members beginning 1993. Jordan was a beneficiary to this development.

G. The Second Protocol on Financial and Technical Cooperation between the EEC and Jordan (1982).

This protocol allocated 58 million ECU in the form of loans and grants to Jordan, an increase of 45% over the aid package in the first protocol. This aid amount was effective through October 31, 1986 and was configured as follows:

- 37 million ECU in loans from the European Investment Bank at 2% interest rate to be paid by grant funds offered by the EC under this protocol.
- 7 million ECU in loans for special projects at 1% interest.
- 14 million ECU in grant money (interest free).

The purpose of the above funds was to assist in the development of Jordan's infrastructure, economic structure, especially in the areas of industry and agricultural modernization. The funds were also earmarked to promote technical cooperation and enhance technical training in Jordan. The protocol encourages the participation of Jordanian institutions in the tendering

process. Eligibility for funds and grants include the Jordanian Government, Jordanian official development agencies, private agencies working on economic and social development, producers, and scholarship holders. All requests for financial aid are submitted to EEC through the Government.

All loans offered to non-government agencies shall be guaranteed by said agencies.

H. The Third Protocol on Financial and Technical Cooperation between the EEC and Jordan (1986)

This protocol allocated 100 million ECU in the form of loans and grants to Jordan, an increase of 72.4% over the aid package in the second protocol. This aid amount was effective through October 31, 1991 and was committed as follows:

- 63 million ECU in the form of loans from the European Investment Bank at 2% interest to be paid by grant funds offered by the EC under this protocol.
- 35 million ECU in grants.
- 2 million ECU in grants for risk capital establishment (equity contribution) - a new item.

The risk capital formation represented a new contribution by the Community to Jordan's efforts at establishing small business endeavours through capital investment (and equity formation). The risk capital aid covers private and public undertakings as well as those undertakings with government participation. As for undertakings which are associated with the EEC, the aid is administered by the European Investment Bank. This allows for temporary minority shareholding by the Community in capital investments of qualified undertakings.

A primary objective of the aid package was to assist Jordan in "developing and diversifying agricultural production so as to reduce Jordan's food dependence, and efforts to diversify agricultural production and exports with a view to increasing the complementarity of the different Mediterranean regions."

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This particular objective was considered primary among other objectives such as technical, industrial, research and commercial cooperation; economic/industrial infrastructural development; and multilateral cooperation.

In financing projects, eligibility will be determined on the basis of whether they meet the above-stated objectives. Priority will be given to the following:

- In the agricultural sector, "developing the production of agricultural products in short supply, particularly food crops, *inter alia* in the framework of multiannual programs and operations in the context of the national food strategy".
- In the industrial sector, the development of joint venture partnerships between firms in the Community and Jordan.
- In the field of science and technology, the enhancement of Jordan's technical and research capabilities.
- In the trade sector, "diversification and promotion of exports and Organization of contracts between Jordanian firms and firms from the Community Member States".
- Training services which will assist Jordan achieve optimum results in the above.

Capital investment projects could be supported by loans or by risk capital aid or by grants or a combination of all three. Funds cannot be used to finance "current administrative maintenance or operational expenditure". Funds by EEC will be, where possible, distributed equally over the years (duration) of the protocol.

Institutional eligibility for financial support includes the same list of agencies enumerated in the second protocol. Risk capital funds will be offered on a project-by-project basis. All natural or legal persons residing in Jordan or the EEC are entitled to submit tenders for projects in Jordan. Here it is worth noting that this protocol encourages nationals of Third Countries in the region to also participate in the tendering process.

For urgent situations, exceptional projects may be approved after a "restricted invitations to tender" provided the estimated cost is less than 3 million ECU (vs. the 2 million ECU in previous protocols).

Like other protocols, this one requires the provision of guarantees by non-government recipients of loans. Both entities (the EEC and Jordan) agreed to evaluate the results of this protocol one year before its expiry.

G. The Fourth Protocol on Financial and Technical Cooperation between the EEC and Jordan (1992 - 1996).

The fourth protocol regulates the current cooperation between the EEC and Jordan. Here the EEC has committed 126 million ECU in the form of loans and grants, an increase of 26% over the aid package of the third protocol. This increase was equal to about 50% of the previous increases for the second and third protocols. The funds provided under this protocol are allocated as follows:

- ECU 80 million in loans from the European Investment Bank at 2% interest rate (financed by grants under this protocol).
- ECU 44 million in grants.
- ECU 2 million for risk capital.

In addition to the objectives, priorities and eligible projects indicated in the third protocol (agriculture being a top priority), this one notes the issue of **environmental protection** as a new concern for support by EEC. Also, this protocol, under Article 4, stipulates that Jordan can apply for grant money under an ECU 300 million made available for Mediterranean nations. Eligibility for grant money under this scheme is conditional on the following:

- Applicant country should be undergoing reform approved by the Bretton Woods institutions or have similar programs implemented.
- Qualify for aid on the basis of indebtedness, debt service burden, balance of payments, availability of foreign currency, budgetary situation, monetary situation, per capita GDP, social situation and unemployment.

10/10/96

Projects financed under the above are related to structural changes which may improve the country's production capacity.

Like other protocols, this one stipulates that Jordan should provide relevant information on its needs and priorities in order to allocate funds (ECU 126 million) in the most optimum manner.

All other articles and stipulations in the protocol are similar to those in the third protocol.

H. Summary of Provisions in All Four Protocols

The following table (Table Six) summarizes the salient characteristics of the four protocols between the EC and Jordan (1977 - 1996). The total amount of loans received from the EC (2% interest) were 198 million ECU (through October, 1996); the total of grants was 111 million ECU; risk capital allowance, 4 million ECU; and special term loans, 11 million ECU. All protocols, especially the last two, considered the agricultural sector in Jordan as a prime priority. Loan interest rates on bank loans were 2% throughout the term of the protocols.

TABLE 6

SUMMARY OF PROVISIONS FOR ALL FOUR PROTOCOLS

	From 1977 1st Protocol	2nd Protocol	3rd Protocol	Until 1996 4th Protocol	TOTAL	Mean (Average)	Median	Standard Deviation	Range
Bank loans (ECU millions)	18	37	63	80	198	49.5	50	27.4	62
Rate of increase of loans (%)	-	105.5%	70.2%	26.98%	-	67.5%	-	-	-
Grants (ECU millions)	18	14	35	44	111	27.75	26.5	14.15	30
Rate of increase of grants (%)	-	-22.2%	400%	25.7%					
Risk capital allowance (ECU millions)	-	-	2	2	4	2	2	0	
Special term loans (ECU millions)	4	7	-	-	11	5.5	5.5	2.21	3
Grants/loans for urgent projects/services (ECU millions)	2	2	3	4	-	-	-	-	-
Rate of increase of urgent grants			50%	33.3%	-	41.65%	-	-	-
Agricultural sector as a prime priority	yes	yes	yes	yes	-	-	-	-	-
Loan interest rate (%)	2 %	2%	2%	2%		2%			
Special term loan interest rate (%)	1 %	1%	-	-		1%			
TOTAL (Million ECU)	40	58	100	126	324				

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The grand total of support by the EC to Jordan has been 324 million ECU. Loans constituted about 61% of the total aid package; grants, 34.2%; risk capital, 1.2%; and special term loans, 3.39%. In addition, Jordan received a sizeable sum from the Community's 300 million ECU allocated to the Mediterranean region.

VI. Assessment of Jordan's Agricultural (Fresh Vegetables, Fruits and Cut Flowers) Sector Vis-a-Vis Exports to the EC

A. Status of Exports

Our estimate of Jordan's production capacity is approximately 1.5 million tonnes, of which marketable fresh vegetables and fruits are roughly about 850,000 tonnes. Over 65% of these products are vegetables and the remainder 35% are fruits. Imports of fresh vegetables and fruits account for roughly less than 3% on average.

Since 1978 (the year in which the first protocol with the EC was implemented) Jordan's overall exports to international markets of fresh vegetables and fruits experienced several 'ups' and 'downs'. Record exports were reported in 1982 (about 515,000 tonnes); which then declined to 352,000 tonnes in 1987; and thereafter rose to about 551,000 tonnes in 1989 due to the weakening of the Jordanian Dinar. The Gulf war created a severe blow to Jordan's exports to the Gulf region (which represented over 99% of its total exports market) to become 119,000 tonnes only in 1991; similar to export figures in the mid seventies. The export situation, however, improved in 1992 to become about 430,000 tonnes. Exports dropped in 1993 to about 345,000 tonnes. Of these exports in 1993, fresh vegetables amounted to about 249,000 tonnes or 72% of the total. Fruits exports amounted to about 95,000 tonnes or 27.5% of the total. Local consumption was approximately 500,000 tonnes of fresh vegetables and fruits.

Exports in 1994 (January - October) do not show promise. Through October, 1994 total exports of fresh vegetables and fruits have amounted to 282,000 tonnes. Of these exports, vegetables amounted to about 198,000 tonnes or 70.2%; fruits amounted to about 84,000 tonnes or 30% of the total exports.

Exports to Europe in 1994 as a whole (including Turkey) amounted to 4,788 tonnes only. Of these exports, 3,843 tonnes are fresh vegetables or 80.3% of total exports. Fruit exports represented a meager 946 tonnes or 19.7% of total exports. Exports to Europe represented about 1.7% of Jordan's total exports; the rest was exported to the Gulf and other nations.

When eliminating the none EC countries from the European market, Jordan's total fresh vegetables and fruits exports to Holland, France, Denmark, Austria, The United Kingdom, Belgium, Sweden and Germany amounted to 1,483 tonnes only. This amount represents about 0.5% of all vegetable exports. Vegetable exports to EC countries amount to 1,160 tonnes or 0.4% of all exports; fruits amount to 323 tonnes or 0.1% of exports. Also vegetables exports represent 78.2% of all exports to the EC while fruits exports represent the balance or about 22%.

Of course, exports through the months of November and December will slightly improve the figures above. It is doubtful, however, that the final export figures for 1994 will match those of 1993.

In examining the exported amounts of fresh vegetables and fruits the data provided by the Agricultural Marketing Organization, it is clear that the following vegetables (see Table Seven below) show the most promise:

1. Overall Vegetable Exports (In Tonnes)

TABLE 7
Overall Vegetable Exports (In Tonnes)

Product	1993	Rank	1994 (Jan-Oct)	Rank
Aubergine (Eggplant)	15.055	3	11.309.33	3
Tomatoes	153.698	1	113.544.00	1
Cucumbers	17.826	2	21.891.00	2
Pepper	13.059	4	9.340.00	4
Squash	11.600	5	9.282.00	5
Cauliflower	9.504	7	8.972.00	6
Beans	5.385	9	4.188.00	8
Lettuce	10.598	6	7.491.00	7
Potatoes	3.722	10	2.719 00	10
Cabbage	5.415	8	3.155 00	9
Total	245,862		191,891.33	

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The ten vegetable products listed in table 7 command the market share for all vegetable exports with tomatoes ranking as first and cucumbers as a far second. These items represent 98% of all vegetable exports in 1993 and 97% in 1994. All other vegetable exports are insignificant.

2. Overall Fruits Exports (In Tonnes)

In so far as the fruits issue is concerned, the following table (table eight) includes products that show the highest promise:

TABLE 8
Overall Fruit Exports (In Tonnes)

Product	1993	Rank	1994 (Jan-Oct)	Rank
Mandarin	2,245.8	6	3,962	5
Lemon	12,124.0	3	13,411	2
Orange	34,343.0	1	39,081	1
Grape Fruit	1,487.6	8	820	9
Clementines	17,673.0	2	3,786	6
Pummelor	1,682.0	7	688	10
Table Grapes	1,226.0	9	1,390	7
Sweet Melons	3,108.0	5	5,499	4
Water Melons	9,974.0	4	12,955	3
Pomegranates	891.0	10	1,026	8
Total	84,754.4		82,618	

The 1993 fruit products above amount to 89% of all fruit exports during that year. The 1994 fruit products above represent 98% of the total export market during this year.

3. Overall Cut Flowers

The cut flowers export market differs from that of fresh vegetables and fruits. Table Nine below classifies exports by country:



TABLE 9
Overall Cut Flower Exports (In Tonnes)

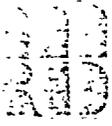
Country	1992 Volume (kgs)	1992 Value (JD)	1993 Volume (kgs)	1993 Value (JD)
Lebanon	1.850	2.430	4.603	7.000
Bahrain	2.323	8.425	9.466	38.336
Qatar	2.646	10.238	5.036	20.573
Saudi Arabia	25.382	85.317	68.661	186.174
UAE	10.710	43.277	22.884	84.875
UK	288	1.400	36	200
Austria	108	1.000	450	1.200
Germany	720	4.750	2.644	7.250
Holland	-	-	520	750
France	-	-	120	250
Yemen	-	-	144	350
Oman	-	-	54	150
Total	44,027	156,837	114,618	347,108
Average price per KG (JD)		3.56		3.02

Exports in 1993 were 116.8% higher in revenues from those in 1992. Exports to some EC countries were fairly insignificant. Exports to the UK, Austria, Germany, Holland and France in 1993 amounted to 3,770 kgs or JD 9,650. The volume of exports to EC represent 3.2% of all cut flower exports. The revenue received from EC exports represent 2.8% of all revenues received from cut flower exports.

Exports to the EC countries amounted to less than 4 tonnes during 1993: this is against a quota of 50 tonnes allowed by the EC.

B. Cost Effectiveness/Profits of Exports to the EC

About 70% of fresh vegetables and fruits exported to the EC are purchased directly from Jordanian farms. Though there are no conclusive or complete cost effectiveness and/or profits studies, the researcher depended in this section on a study conducted by the Agricultural Marketing Organization in May 1993. The study titled 'Costs and Profits of Exports to European Countries' focused its investigation on tomatoes, aubergines (egg plants) and beans (fasoulia). The benefits of the study are mainly derived from its success in tracing all costs relating to the export process.



1. Costs

The 'high export season' extends mainly between November and April of each year. Costs during this 'Season' are relatively higher than costs in other months of the year. In this study, we have adopted costs associated with the 'high export season'.

Cost configuration is usually done as follows:

1. Price points per tonne: Equal to 130% (net) of the wholesale prices in Amman's central vegetables and fruits market.
2. Purchasing agent : JD 15 per tonne.
3. Transportation costs (to warehouse) : JD 15 per tonne.
4. Packing : JD 20 per tonne.
5. Handling and Licensing : JD 15 per tonne.
6. Cartons : JD 90.
7. Transportation to airport : JD 10.
8. Other expenses : JD 90.

Total costs (without the COG) JD 771 per tonne or JD. 3.86 per packet.

* Source: "Costs and Profits of Exports to European Countries", AMO, May 1993.

No custom duties were applicable on Jordanian products commencing January, 1993 based on the protocols reviewed above. As a matter of fact, Jordan has not paid custom duties for its fresh vegetables and fruits since 1992.

Based on the above, the Organization's study presents the following tables as evidence for profitability:

1991
1990
1989

TABLE 10
AUBERGINES (EGGPLANT)
PROFITS ON EXPORTS TO A SELECT EUROPEAN COUNTRIES

Month	Wholesale Price (JD / KG)			Wholesale Price Amman	Total Cost		Profit (JD / KG)			Net Profit Margin %		
	Uk	France	Germany		UK	Others	Uk	France	Germany	Uk	France	Germany
11	1.13	0.95	1.22	0.13	0.99	0.92	0.14	0.04	0.30	15	4	33
12	1.13	1.14	1.37	0.14	1.00	0.93	0.12	0.21	0.43	12	22	46
1	1.24	1.16	1.63	0.15	1.02	0.95	0.22	0.21	0.68	22	22	72
2	1.56	1.41	1.89	0.18	1.05	0.98	0.51	0.43	0.91	48	44	93
3	1.32	1.35	1.68	0.24	1.14	1.07	0.19	0.28	0.62	17	27	58
4	1.23	1.19	1.46	0.28	1.18	1.11	0.05	0.08	0.35	5	7	32
5	1.10	1.02	1.15	0.18	1.06	0.99	0.04	0.03	0.16	4	3	16
6	1.19	0.92	1.09	0.17	1.04	0.97	0.15	-0.05	0.12	14	6	12
7	1.06	0.81	0.97	0.10	0.94	0.87	0.11	-0.07	0.09	12	8	11
8	0.95	0.70	0.85	0.11	0.97	0.90	-0.02	-0.20	-0.04	2	22	5
9	1.22	0.89	1.01	0.16	1.02	0.95	0.20	-0.07	0.06	19	7	6
10	1.46	0.97	1.22	0.16	1.03	0.96	0.43	0.01	0.26	42	1	27

* Wholesale price in the European countries is the average weekly prices in those countries for the period 1989-1991 as taken from "SRD" documents.
 * Wholesale price in Amman is the highest plausible wholesale price at the Amman Financial Market for the period 1990-1992
 * Total cost is the cost of exporting one Kilogram calculated as follows: To the UK = 1,3 wholesale price in Amman + JD 0.82
 To other countries = 1,3 wholesale price in Amman + JD 0.77
 Profit = Wholesale price in European market - Total cost.

* Source: "Cost And Profit Of Exports To European Countries", Agricultural Marketing Organization.

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TABLE 11
TOMATOES
PROFITS OF EXPORTS TO A SELECT EUROPEAN COUNTRIES

Month	Wholesale Price (JD / KG)			Wholesale Price	Total Cost		Profit (JD / KG)			Net Profit Margin %		
	Uk	France	Germany		Amman	UK	Others	Uk	France	Germany	Uk	France
11	1.26	1.57	1.48	0.22	1.10	1.03	0.16	0.54	0.45	14.5	52.3	43.6
12	1.46	1.61	1.96	0.27	1.17	1.10	0.30	0.51	0.87	25.4	46.5	78.9
1	1.66	1.66	2.10	0.22	1.10	1.03	0.56	0.63	1.07	50.7	60.9	103.5
2	1.79	1.66	2.15	0.18	1.06	0.99	0.73	0.67	1.16	68.5	67.4	117.3
3	2.15	2.12	2.03	0.28	1.18	1.11	0.97	1.01	0.92	82.7	91.5	82.7
4	1.66	1.87	1.76	0.54	1.52	1.45	0.14	0.42	0.31	8.9	28.7	21.3
5	1.39	1.52	1.66	0.23	1.11	1.04	0.28	0.48	0.61	24.9	45.9	59.0
6	1.26	1.65	1.42	0.13	0.99	0.92	0.27	0.73	0.50	27.4	79.4	54.2
7	1.47	1.29	1.10	0.10	0.95	0.88	0.53	0.41	0.23	55.6	47.0	25.7
8	0.91	1.25	0.89	0.09	0.94	0.87	-0.03	0.39	0.02	- 3.2	44.5	2.0
9	0.81	1.27	0.95	0.10	0.95	0.88	-0.15	0.39	0.07	-15.3	43.6	7.5
10	1.00	1.24	1.22	0.15	1.01	0.94	-0.01	0.30	0.28	- 0.6	32.3	29.5

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* Wholesale price in the European countries is the average weekly prices in those countries for the period 1989-1991 as taken from "SRD" documents.

* Wholesale price in Amman is the highest plausible price at the Amman Financial Market for the period 1990-1992

* Total cost is the cost of exporting one Kilogram calculated as follows: To the UK = 1,3 wholesale price in Amman + JD 0.82

To other countries = 1,3 wholesale price in Amman + JD 0.77

Profit = Wholesale price in European market - Total cost.

* Source: "Cost And Profit Of Exports To European Countries", Agricultural Marketing Organization.

1990
1991
1992

TABLE 12
BEANS
PROFITS ON EXPORTS TO A SELECT EUROPEAN COUNTRIES

Month	Wholesale Price (JD / KG)			Wholesale Price Amman	Total Cost		Profit (JD / KG)			Net Profit Margin %		
	Uk	France	Germany		UK	Others	Uk	France	Germany	Uk	France	Germany
11	1.66	1.60	1.74	0.41	1.36	1.29	0.30	0.31	0.45	22	24	35
12	1.79	1.65	2.14	0.36	1.29	1.22	0.50	0.43	0.92	38	35	75
1	2.15	1.69	2.19	0.49	1.46	1.39	0.69	0.30	0.80	48	22	58
2	1.67	1.85	2.06	0.58	1.57	1.50	0.10	0.35	0.55	6	23	37
3	1.39	2.10	1.87	1.00	2.13	2.06	-0.74	0.04	-0.19	-35	2	-9
4	1.26	1.64	1.67	0.56	1.55	1.48	-0.29	0.16	0.19	-19	11	13
5	1.48	1.57	1.52	0.35	1.28	1.21	0.20	0.36	0.31	16	30	26
6	0.91	1.59	1.17	0.45	1.41	1.34	-0.50	0.25	-0.16	-35	19	-12
7	0.81	1.20	0.97	0.43	1.38	1.31	-0.57	-0.11	-0.34	-41	-8	-26
8	1.00	1.31	0.89	0.35	1.27	1.20	-0.27	0.11	-0.31	-21	9	-26
9	1.26	1.25	1.11	0.39	1.33	1.26	-0.07	-0.01	-0.14	-5	-1	-11
10	1.46	1.37	1.44	0.40	1.33	1.26	0.13	0.10	0.18	10	8	14

* Wholesale price in the European countries is the average weekly prices in those countries for the period 1989-1991 as taken from "SRD" documents.

* Wholesale price in Amman is the highest plausible wholesale price at the Amman Financial Market for the period 1990-1992

* Total cost is the cost of exporting one Kilogram calculated as follows: To the UK = 1,3 wholesale price in Amman + JD 0.82

To other countries = 1,3 wholesale price in Amman + JD 0.77

Profit = Wholesale price in European market - Total cost.

* Source: "Cost And Profit Of Exports to European Countries", Agricultural Marketing Organization.

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It can be safely assumed that prices in 1994 do not vary significantly from those reported in the tables above. There is perhaps a $\pm 10\%$ difference for some of the products. As such, profitability in 1994 could be roughly similar to that of 1992 or 1993.

Clearly, Germany provides the highest profit margins' for Jordanian exports. This is especially true during the 'high export season'. It is also obvious that exports in the 'low season' (from June to December) usually experience a significant decline in profit margins, and in some cases a loss.

Tomatoes show the highest profit margins especially during the 'high export season'. During January, February and March, profit margins for Germany were 103.5%, 117.3% and 82.7% respectively; for France 60.9%, 67.4% and 91.5% respectively; for the UK, 50.7%, 68.5%, and 82.7% respectively. The UK, however, shows losses during the months of August, September and October (- 3.2%, - 15.3% and - 0.6% respectively).

As for aubergines (Egg plants), Germany shows significant profit margins throughout the year (except August and September). The profit margin mean was 34.2% for all twelve months. Profit margins in France were significantly less for Jordanian aubergine exporters (mean of 14.4% for twelve months) than those attained in Germany. The weakest months, were October, November, April, May, June and July (1%, 4%, 7%, 3%, 6% and 8% respectively). No losses were reported in any of the months. The UK market showed relatively high profit margins than did France (17.6%) with April, May and August as the weaker months (5%, 4% and 2% respectively). Here, too, no losses were reported.

The situation with bean exports, however, showed less promise than that of tomatoes and aubergines. In Germany, the average profit margin was 14.5% for all twelve months with losses reported in March, June, July, August, and September (- 9%, - 12%, -26%, - 26% and - 11% respectively)

Profit margins in France were the same as those of Germany ($\bar{x} = 14.5$). Losses, however, were only experienced in July and September (- 8% and -1% respectively).

The UK market, however, was clearly a cause of loss for bean exporters. On average, these exporters experienced a profit loss of 1.3%.

VII. Analysis, Conclusions and Recommendations

A. Analysis

1. General Statement

The export status of fresh fruits, vegetables and cut flowers to the EC is marginal if not insignificant. Although the EC has lifted all custom duty restrictions and quotas on all fresh Jordanian vegetable and fruit products (except for the 50 tonne ceiling on cut flowers), exports have declined in the past few years. In investigating the needs of the EC for any of the popular vegetables and fruits produced in Jordan, it is evident that Europe is self sufficient because of products provided by the European farmers or by the Maghreb countries. Indications are strong that Jordanian exports to the EC will continue to decline in the coming few years. Coupled with this decline, profit margins will also decrease due to extensive competition by the EC farmers and by the Maghreb exporters.

EC's attitude towards Jordanian fresh vegetable and fruit products, however, remain both open and positive. The issue, for them, is whether the agricultural sector in Jordan is able to produce quality products in adequate numbers and at prices which are competitive within EC countries. To do so today, Jordan's producers will need to invest heavily into the modernization and expansion of the agricultural sector in order to produce larger quantities at acceptable international standards. This process will undoubtedly require time and effort before it begins to pay-off to exporters and farmers alike.

Clearly, this study has shown that the agricultural trade relationship between Jordan and the EC has not been fruitful for the Jordanian farmer. Overall, such exports have rarely exceeded a fraction of one percent of Jordan's total exports and have also showed varying and often unreliable degrees of profitability.

The primary market for Jordanian agricultural products remain the Gulf and its immediate neighbours. Unless and until the agricultural sector



undergoes structural reform in a relatively radical fashion, the European market will remain elusive.

The new peace treaty with Israel opens several windows of opportunity for the Jordanian exporter. Israel is a new market for Jordan and exports to it can be very cost effective.

Furthermore, through a common agricultural policy with Israel, similar to that among the EC members, Jordan can ensure a steady growth in the production of quality fresh vegetables and fruits. Finally, Israel can serve as a transit territory for re-exports to Europe and other countries. With advanced technology for sea storage and freight, some products can become very profitable.

2. Future Direction for Negotiations with the EC

It is very likely that the European Community will increase its support to the Mediterranean basin beginning 1996 from the current 4 billion ECU to a 5.5 billion ECU. It is also anticipated that the allocation of such new funds will be based on 'a first come first serve' basis. Countries in the region are expected to submit their priorities and needs in a convincing fashion in order to qualify for these funds.

The EC/Jordan protocols between 1977 and 1996 have emphasized the agricultural sector as a priority. It is obvious, however, that this sector has not received the attention it required. Instead, very little funds have been expended on agriculture because of other governmental priorities and concerns. During the current protocol (1992 - 1996) for example, Jordan allocated 8 million ECU for agriculture but then diverted these funds to other priorities. Of course, the fact that the EC's aid package of 126 million ECU is hardly enough for Jordan's industrial and structural requirements combined is perhaps an important cause for this diversion.

While future agreements between the EC and Jordan may not be similar to those concluded in the past, any new agricultural trade protocols between Jordan and the EC should focus attention on at least the following:

1. Jordan and the EC should focus their trade agreement on a few select agricultural and fruit products which are needed in Europe and can be successfully grown in Jordan. This should not include products such as

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tomatoes, aubergines, large cucumbers, oranges and the like during the 'high export season'. Europe is completely saturated with these products during these months.

2. Jordan should prepare and submit to the EC a business plan related to the method and cost of developing the above select products (undetermined yet) in order to secure additional loans and grants which could support this endeavour. A long term plan (5+ years) should be developed based on a comprehensive market study of EC's needs.
3. Jordan should introduce a clause into any new agreement which would allow it, for the duration of said agreement, to market its new products at a wholesale price at up to 25% less than the EC's reference price.
4. Jordan should introduce a clause which allows its new or enhanced products free access to the EC without custom duties and quotas, at any time of the year.
5. Jordan should secure the support of the EC to export some of its 'enhanced' vegetables and fruits (e.g. tomatoes, oranges, etc.) during the 'low export season' at wholesale prices which are up to 30% less than the reference price in Europe. Here Jordan should attempt to modernize its vegetables and fruits production and maintenance mechanisms in order to penetrate the EC market at times when the competition is lowest and the need is highest in certain EC member states. Surplus vegetables and fruits in Jordan should be of such a quality standard which can compete with say Morocco's tomatoes and European oranges and grapes. No custom duties or quotas should be imposed by the EC throughout the year.

B. Conclusions / Summary

- Jordan's export of vegetables and fruits to the EC has not been successful or beneficial to Jordanian producers and exporters.
- The 'horizontal shot gun' approach of exporting as many products as possible to the EC has proved to be futile and unproductive. Very little thought or planning has taken place regarding how best to market Jordan's products in the EC.



- Jordan's export status vis-a-vis the EC cannot be compared to that of say Israel, Cyprus, Turkey or Morocco. Israel, Cyprus and Turkey have association agreements which are based on reciprocity. The EC agreement with Morocco is clearly based on the ability of the latter to export high quality needed products, such as tomatoes. Although Morocco's application to join the EC has been denied, it has been accorded special favours due to its ability to market vegetables successfully as well as because of its geographical proximity to Europe.

Jordan, on the other hand, has been accorded a 'most preferred nation' status through the elimination of custom duties and quotas (except for cut flowers). Its quality/volume of agricultural products, however, have not been competitive with other Maghreb and some Mashreq exporters.

- Due to the availability of scarce amounts of vegetables and fruits which meet European export standards, cost effectiveness and profitability of exports have almost always fluctuated between profit and loss. The method of selecting the proper products for exports has been both costly and time consuming.

An indirect effect for the product selection process is that vegetables and fruits which remain in Jordanian markets often lack the quality desired by the local consumer. 'Left overs' are not always of acceptable quality, and this, in turn, causes price dumping.

- Though Jordan receives a relatively reasonable aid package from the EC (compared to its population size), it is suspected that the funds have not been sufficient. The agricultural, industrial and structural needs of the country necessitate an 'overdose' of recovery funds in order to allow the economy a proper 'take-off'.
- The funds allocated to technical support and research & development have been less than desired. Project formation and management in any of the vital economic sectors, especially the agricultural one, requires resident technical know-how which is available to ensure the successful culmination of the project(s).

C. Recommendations

1. Internal (In-country)

- 1.1 Jordan should put in place a master plan which defines its effective method of operation and financial/technical requirements for the modernization and enhancement of its agricultural export sector. This plan should be part of a strategy aiming at the development of the agricultural sector in the short, medium and long terms.

Rationale

Jordan should project for and make long term commitments towards a growing export sector for both the Middle East and Europe. A Master Plan should consider Jordan's long, medium and short term goals and objectives; undertake all the required studies to put in place modernization and quality enhancement plans, and institute a project management framework for the monitoring and evaluation of its Master Plan's progress.

Unless and until the agricultural export sector is dealt with seriously, it will continue to experience drastic changes which are haphazard, risky and at times degrading.

- 1.2 Jordan should undertake a comprehensive survey of the EC's agricultural market with a particular emphasis on defining a future niche for specific vegetables and fruits which promise significant accessibility and profitability.

Rationale

Following the Moroccan survey example which culminated in the enormous success of the export of tomatoes, Jordan should seriously study the European market with an eye at the following:

- Survey of the vegetables, fruits and cut flowers production trends and marketing/distributorship patterns within and outside Europe.
- Identification of the needs of the EC market, if any, and the specific months in which these needs are highest. Is the



Pummelor, for example, a needed fruit? When? Can . . . grapes compete in Europe? How? etc.

- Assessment of the feasibility of implementing a strategy which would enable Jordan in the short, medium and long terms, respond to the identified needs of the EC.
- Presentation of a business plan which would chart the way for the producers/farmers regarding project financing, operating capital and cash flow requirements.

1.3 Unless the survey referred to above reveals promising indicators for a profitable niche in the EC market, Jordan will be well advised to divert its export efforts from The European Community to the local region.

Success in the European Community market can be best achieved through the export of a select number of products which are highly competitive. Perhaps, the success of two or three products will be a good enough reason to consider exports to Europe a success. Measures of success could also include the following:

- Volume of exported products should exceed 15% of all exports in the first five years; 20% in the next five years; and 25% in the third five years.
- Profit margin averages in all EC members markets should exceed 28% in the first five years; 32% in the next five years; and 35% in the third five years. With high volume exports, these profit returns will provide a significant contribution to Jordan's economy.

2. External (With the EC Commission)

In future negotiations with the EC, the following should be considered:

2.1 Jordan should sustain and then enhance its current trade cooperation status with the EC by securing the abolishment of all custom duties on products exported during summer months.



Rationale

The current trading status of Jordan with EC members is very favourable. This favourable status should be sustained and applied during the coming five years. Currently, Jordan does not pay any custom duties on its products. This status quo should continue. In the event, the EC charges a particular custom duty for summer exports by Jordan (e.g. grapes), these should be removed.

2.2 Jordan should propose a select number of vegetables/fruits and request from the EC favourable treatment based on the defined need of the market as well as the assured quality standard of the product. The favourable treatment should include the EC's:

2.2.1 Allowance of these products to be sold at 50% less than the reference price for two years; and 30% for another five years.

2.2.2 Allowance of the products in 2.2.1 a ceiling (quota) equivalent to at least 25% of Jordan's total exports during the first five years; 35% of Jordan's total exports in the next five years; and 25% of Jordan's total exports in the third five years.

Rationale

Jordan should seriously attempt to diversify its export markets. If successful in identifying a select number of products which are needed by the EC, Jordan should attempt to follow the Moroccan (e.g. tomatoes) and Israelis experiences (over 80% of Israel's export of agricultural products go to the EC) in attaining a high export volume to the EC. It is assumed that farmers/producers focusing on these particular needed products should devote their farms to European exports. These farms should also increase in size and production capacity in a gradual fashion.

The European Commission should have no objection to high quota (ceiling) figures, provided the products have a special niche in some or all member markets. As far as prices are concerned, the EC may or may not have reference prices for perhaps a product that is unique. If it did impose a reference price, Jordanian exporters will stand to benefit from selling their products at 50% less than the reference



price. This will help them market the products in a manner which ensures future success.

It is important to note here that the production, handling and export of these products should be cost effective and adhere to the criteria spelled out in the business plan.

- 2.3 The EC should increase its risk capital allotment to 35 million ECU in the first three years and 25 million ECU in the following two years, or a total of 60 million ECU in five years.

Rationale

Grants and loans should be directed at assisting farmers/producers with capital outlays to undertake a modernized farming process leading to successful production results. Farming, production and exporting should become a serious business undertaking in order to allow the newly identified vegetable and fruit products find their way to the EC market as suggested above. A pre-requisite for this end-result is perhaps the availability of European technical support, research & development assistance and equity participation by European importers.

VIII. A Final Word

This study explained the EC's stance and philosophy regarding the Mediterranean basin and Jordan; reviewed the Cooperation Agreement and all related protocols between Jordan and the EC; evaluated the trading status of Jordan's agricultural products; and presented directions and recommendations pertinent to future negotiations with the EC.

Today, the challenge for Jordan is to re-visit its export strategy to the EC in a fundamental way. The whole question of exports should be revised as well as pertinent policies generated to address future practices.

COOPERATION AGREEMENT

between the European Economic Community and the Hashemite Kingdom of
Jordan

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 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,

HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND,

and

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

HIS MAJESTY THE KING OF THE HASHEMITE KINGDOM OF JORDAN,

of the other part,

PREAMBLE

WISHING to demonstrate their common desire to maintain and strengthen their friendly relations in accordance with the principles of the United Nations Charter,

RESOLVED to establish wide-ranging cooperation which will contribute to Jordan's economic and social development and help to strengthen relations between the Community and Jordan,

RESOLVED to promote, having regard to their respective levels of development, economic and trade cooperation between the Community and Jordan and to provide a sound basis therefor in conformity with their international obligations.

BEST AVAILABLE COPY

RESOLVED to establish a new model for relations between developed and developing States, compatible with the aspirations of the international community towards a more just and more balanced economic order,

HAVE DECIDED to conclude this Agreement, and to this end have designated as their Plenipotentiaries:

HIS MAJESTY THE KING OF THE BELGIANS:

Renaat VAN ELSLANDE,
Minister for Foreign Affairs;

HER MAJESTY THE QUEEN OF DENMARK:

Jens CHRISTENSEN,
Ambassador,
Permanent Under-Secretary;

THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY:

Hans-Dietrich GENSCHER,
Federal Minister for Foreign Affairs;

THE PRESIDENT OF THE FRENCH REPUBLIC:

Louis de GUIRINGAUD,
Minister for Foreign Affairs;

THE PRESIDENT OF IRELAND:

Garret FITZGERALD,
Minister for Foreign Affairs;

THE PRESIDENT OF THE ITALIAN REPUBLIC:

Arnaldo FORLANI,
Minister for Foreign Affairs;

HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG:

Gaston THORN,
President and Minister for Foreign Affairs of the Government of the Grand Duchy of Luxembourg;

HER MAJESTY THE QUEEN OF THE NETHERLANDS:

Max van der STOEL,
Minister for Foreign Affairs of the Kingdom of the Netherlands;

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HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND:

Anthony CROSLAND MP,

Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom of
Britain and Northern Ireland;

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

Anthony CROSLAND MP,

President in Office of the Council of the European Communities,

Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom of Great
Britain and Northern Ireland;

Claude CHEYSSON,

Member of the Commission of the European Communities;

HIS MAJESTY THE KING OF THE HASHEMITE KINGDOM OF JORDAN:

Nijmeddin DAJANI,

Minister of Industry and Trade.

Article 1

The object of this Agreement between the Community and Jordan is to promote overall cooperation between the Contracting Parties with a view to contributing to the economic and social development of Jordan 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.

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

Article 4

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

- participation by the Community in the efforts made by Jordan 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 Jordan and the modernization of its agriculture,
- the marketing and promotion of sales of products exported by Jordan,
- industrial cooperation aimed at boosting Jordan's industrial production through measures:
 - to encourage participation by the Community in the implementation of Jordan's industrial development programmes,
 - to foster the organization of contacts and meetings between Jordanian and Community industrial policy-makers, promoters and firms

TITLE I

ECONOMIC, TECHNICAL AND FINANCIAL
COOPERATION

Article 2

The Community and Jordan shall institute cooperation with the aim of contributing to Jordan's development by means of efforts complementary to those made by Jordan 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:

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 non-quota 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 Jordan'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 Jordan'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 Jordan'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 13, 14 and 16, customs duties and charges having equivalent effect on imports into the Community of products originating in Jordan 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 in accordance with the following timetable:

Timetable	Rate of reduction
— On the date of the entry into force of the Agreement	80 %
— From 1 July 1977	100 %

Article 10

1. For each product, the basic duties to which the reductions provided for in Article 9 are to be applied are:

- for the Community as originally constituted: those duties actually applied in respect of Jordan on 1 January 1975,
- for Denmark, Ireland and the United Kingdom: those duties actually applied in respect of Jordan on 1 January 1972.

2. The reduced duties calculated in accordance with Article 9 shall be applied rounded to the first decimal place.

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 of 22 January 1972, as regards the specific duties or the specific part of the mixed duties in the Customs Tariffs of Ireland and of the United Kingdom, Article 9 shall be applied, with rounding to the fourth decimal place.

Article 11

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 referred to in Article 10.

Article 12

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

Article 13

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 Jordan.

Article 14

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.

CCT heading No	Description	Ceiling (tonnes)
55.09	Other woven fabrics of cotton	100

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

3. For the products falling within Common Customs Tariff subheading 28.40 B II (phosphates, including polyphosphates, other than of ammonia), heading Nos 31.03 (mineral or chemical fertilizers, phosphatic), ex 31.05 (fertilizer compounds containing phosphates), 55.05 (cotton yarn, not put up for retail sale), and Chapter 76 (aluminium) 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 15

1. The Community reserves the right to modify the arrangements applicable to the petroleum products falling within heading No 27.10, subheadings 27.11 A and B I, heading No 27.12, subheading 27.13 B and heading No 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 16

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 17

1. Customs duties on imports into the Community of the following products originating in Jordan shall be reduced by the rates indicated for each of them.

CCT heading No	Description	Rate of reduction %
05.04	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof	80
07.01	Vegetables, fresh or chilled:	
	F. Leguminous vegetables, shelled or unshelled:	
	II. Beans (of the species <i>Phaseolus</i>):	
	ex a) From 1 October to 30 June:	
	— From 1 November to 30 April	60
	ex III. Other:	
	— Broad beans (<i>Vicia Faba major</i>)	40
	G. Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots:	
	ex II. Carrots and turnips:	
	— Carrots, from 1 January to 31 March	40
07.01	ex H. Onions, shallots and garlic:	
	— Onions, from 1 February to 30 April	50
	— Garlic, from 1 February to 31 May	50
	M. Tomatoes:	
	ex I. From 1 November to 14 May:	
	— From 1 December to 31 March	60
	ex S. Sweet peppers:	
	— From 15 November to 30 April	40
	ex T. Other:	
	— Aubergines, from 15 January to 30 April	60
	— Pumpkins or gourds and courgettes, from 1 December to the last day of February	60

CCT heading No	Description	Rate of reduction %
07.05	Dried leguminous vegetables, shelled, whether or not skinned or split: B. Other (than for sowing)	80
08.01	Dates, bananas, coconuts, Brazil nuts, cashew nuts, pineapples, avocados, mangoes, guavas and mangosteens, fresh or dried, shelled or not: H. Other (Mangoes, guavas and mangosteens)	40
08.02	Citrus fruit, fresh or dried: ex A. Oranges: — Fresh	60
	ex B. Mandarins (including tangerines and satsumas); clementines, wilkings and other similar citrus hybrids: — Fresh	60
	ex C. Lemons: — Fresh	40
	D. Grapefruit	80
	ex E. Others: — Limes	80
ex 08.09	Other fruit, fresh: — Watermelons, from 1 April to 15 June	50
09.04	Pepper of the genus 'Piper'; pimento of the genus 'Capsicum' or the genus 'Pimenta': A. Neither crushed nor ground: II. Pimento: c) Other	80
09.09	Seeds of anise, badian, fennel, coriander, cumin, caraway and juniper	80

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 Jordan 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 18

1. The rates of reduction specified in Article 17 shall apply to the customs duties actually 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 17 shall be 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 rounded off to the fourth decimal place.

Article 19

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 Jordan'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 Jordan 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 20

1. The products originating in Jordan 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 21

1. Subject to the special provisions relating to frontier-zone trade, Jordan shall grant the Community treatment in the field of trade no less favourable than most-favoured-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, Jordan 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 22

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. Jordan 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 Jordan'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 23

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

Article 24

On the occasion of the reviews provided for in Article 43 of the Agreement the Contracting Parties shall seek opportunities to make progress towards the removal of obstacles to trade, while having regard to Jordan's essential development requirements.

Article 25

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

Article 26

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 27

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 28

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 Jordan shall be free from any restrictions.

Article 29

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 30

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 32.

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 31

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 32.

Article 32

1. In the event of a Contracting Party subjecting imports of products liable to give rise to the difficulties referred to in Article 31 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 30 and 31, 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 30 and 31, 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 30 and 31, apply forthwith such precautionary measures as are strictly necessary to remedy the situation.

Article 33

Where one or more Member States of the Community or Jordan 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 34

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 35

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 hand, of representatives of Jordan.

2. The Cooperation Council shall act by mutual agreement between the Community, on the one hand, and Jordan on the other.

Article 36

1. The office of President of the Cooperation Council shall be held alternately by the Contracting Parties, in accordance with the modalities to be laid down in the rules of procedure.

2. Meetings of the Cooperation Council shall be called once a year by its President.

The Cooperation Council shall, in addition, meet whenever necessary, at the request of either Contracting Party, in accordance with the conditions to be laid down in its rules of procedure.

Article 37

1. The Cooperation Council may decide to set up any committee that can assist it in carrying out its duties.

2. In its rules of procedure, the Cooperation Council shall determine the composition and duties of such committees and how they shall function.

Article 38

The Cooperation Council shall take any appropriate measures to facilitate the necessary cooperation and contacts between the European Parliament and the Jordan Parliament.

Article 39

Either Contracting Party shall, if so requested by the other Contracting Party, provide all relevant

information on any agreements it concludes involving tariff or trade provisions, and on any amendments to its customs tariff or external trade arrangements.

Where such amendments or agreements have a direct and particular effect on the functioning of the Agreement, appropriate consultations shall be held within the Cooperation Council at the request of the other Contracting Party so that the interests of the Contracting Parties may be taken into consideration.

Article 40

1. The Contracting Parties shall take any general or specific measures required to fulfil their obligations under the Agreement. They shall ensure that the objectives set out in the Agreement are attained.

2. If either Contracting Party considers that the other Contracting Party has failed to fulfil an obligation under the Agreement, it may take appropriate measures. Before so doing, it 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. The Cooperation Council shall be notified immediately of such measures, which shall be the subject of consultations within the Cooperation Council if the other Contracting Party so requests.

Article 41

Nothing in the Agreement shall prevent a Contracting Party from taking any measures:

- (a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;
- (b) which relate to trade in arms, munitions or war materials or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;
- (c) which it considers essential to its security in time of war or serious international tension.

Article 42

In the fields covered by the Agreement:

- the arrangements applied by Jordan in respect of the Community shall not give rise to any

discrimination between the Member States, their nationals, or their companies or firms,

- the arrangements applied by the Community in respect of Jordan shall not give rise to any discrimination between Jordanian nationals, companies or firms.

Article 43

The Contracting Parties shall, in accordance with the procedure adopted for the negotiation of the Agreement itself, in the first place from the beginning of 1979 and again from the beginning of 1984, review the results of the Agreement and any improvements which could be made by either side as from 1 January 1980 and 1 January 1985, on the basis of the experience gained during the functioning of the Agreement and of the objectives defined therein.

Article 44

Protocols 1 and 2 and Annexes A, B and C shall form an integral part of the Agreement. The declarations and exchanges of letters shall appear in the Final Act, which shall form an integral part of the Agreement.

Article 45

Either Contracting Party may denounce this Agreement by notifying the other Contracting Party. The Agreement shall cease to apply 12 months after the date of such notification.

Article 46

This Agreement shall apply, on the one hand, to the territories to which the Treaty establishing the European Economic Community applies under the conditions laid down in that Treaty and, on the other, to the territory of the Hashemite Kingdom of Jordan.

Article 47

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

Article 48

This Agreement will be approved by the Contracting Parties in accordance with their own procedures.

This Agreement shall enter into force on the first day of the second month following notification that the procedures referred to in the first paragraph have been completed.

B

APPENDIX II

ANNEX II

LIST A

List of working or processing operations which result in a change of tariff heading without conferring the status of 'originating products' on the products undergoing such operations, or conferring this status only subject to certain conditions

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
02.06	Meat and edible meat offals (except poultry liver), salted, in brine, dried or smoked	Salting, placing in brine, drying or smoking of meat and edible meat offals of heading Nos 02.01 and 02.04	
03.02	Fish, dried, salted or in brine, smoked fish, whether or not cooked before or during the smoking process	Drying, salting, placing in brine; smoking of fish, whether cooked or not	
04.02	Milk and cream, preserved, concentrated or sweetened	Preserving, concentrating, or adding sugar to milk or cream of heading No 04.01	
04.03	Butter	Manufacture from milk or cream	
04.04	Cheese and curd	Manufacture from products of heading Nos 04.01, 04.02 and 04.03	
07.02	Vegetables (whether or not cooked), preserved by freezing	Freezing of vegetables	
07.03	Vegetables, provisionally preserved in brine, in sulphur water or in other preservative solutions, but not specially prepared for immediate consumption	Placing in brine or in other solutions of vegetables of heading No 07.01	
07.04	Dried, dehydrated or evaporated vegetables, whole, cut, sliced, broken or in powder, but not further prepared	Drying, dehydration, evaporation, cutting, grinding, powdering of vegetables of heading Nos 07.01 to 07.03	
08.10	Fruit (whether or not cooked), preserved by freezing, not containing added sugar	Freezing of fruit	
08.11	Fruit provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption	Placing in brine or in other solutions of fruit of heading Nos 08.01 to 08.09	

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
08.12	Fruit, dried, other than that falling within heading No 08.01, 08.02, 08.03, 08.04 or 08.05	Drying of fruit	
11.01	Cereal flours	Manufacture from cereals	
11.02	Cereal groats and cereal meal; other worked cereal grains (for example, rolled, flaked, polished, pearled or kibbled, but not further prepared), except husked, glazed, polished or broken rice; germ of cereals, whole, rolled, flaked or ground	Manufacture from cereals	
11.03	Flours of the leguminous vegetables falling within heading No 07.05	Manufacture from dried leguminous vegetables	
11.04	Flours of the fruits falling within any heading in Chapter 8	Manufacture from fruits of Chapter 8	
11.05	Flour, meal and flakes of potato	Manufacture from potatoes	
11.06	Flour and meal of sago and of manioc, arrowroot, salep and other roots and tubers falling within heading No 07.06	Manufacture from products of heading No 07.06	
11.07	Malt, roasted or not	Manufacture from cereals	
11.08	Starches; inulin	Manufacture from cereals of Chapter 10, or from potatoes or other products of Chapter 7	
11.09	Wheat gluten, whether or not dried	Manufacture from wheat or wheat flours	
15.01	Lard, other pigfat and poultry fat, rendered or solvent-extracted	Manufacture from products of heading No 02.05	
15.02	Fats of bovine cattle, sheep or goats, unrendered; rendered or solvent-extracted fats (including 'premier jus') obtained from those unrendered fats	Manufacture from products of heading Nos 02.01 and 02.06	
15.04	Fats and oils, of fish and marine mammals, whether or not refined	Manufacture from fish or marine mammals caught by fishing vessels of third countries	
15.06	Other animal oils and fats (including near's-foot oil and fats from bones or waste)	Manufacture from products of Chapter 2	

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
ex 15.07	Fixed vegetable oils, fluid or solid, crude, refined or purified, but not including Chinawood oil, myrtle-wax, Japan wax or oil of tung nuts, oleo-cocca seeds or oiticia seeds; also not including oils of a kind used in machinery or mechanical appliances or for industrial purposes other than the manufacture of edible products	Manufacture from products of Chapters 7 and 12	
16.01	Sausages and the like, of meat, meat offal or animal blood	Manufacture from products of Chapter 2	
16.02	Other prepared or preserved meat or meat offal	Manufacture from products of Chapter 2	
16.04	Prepared or preserved fish, including caviar and caviar substitutes	Manufacture from products of Chapter 3	
16.05	Crustaceans and molluscs, prepared or preserved	Manufacture from products of Chapter 3	
17.02	Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel	Manufacture from any product	
17.04	Sugar confectionery, not containing cocoa	Manufacture from other products of Chapter 17 the value of which exceeds 30% of the value of the finished product	
17.05	Flavoured or coloured sugars, syrups and molasses, but not including fruit juices containing added sugar in any proportion	Manufacture from other products of Chapter 17 the value of which exceeds 30% of the value of the finished product	
18.06	Chocolate and other food preparations containing cocoa	Manufacture from products of Chapter 17 the value of which exceeds 30% of the value of the finished product	
19.01	Malt extract	Manufacture from products of heading No 11.07	
19.02	Preparations of flour, meal, starch or malt extract, of a kind used as infant food or for dietetic or culinary purposes, containing less than 50% by weight of cocoa	Manufacture from cereals and derivatives thereof, meat and milk, or in which the value of products of Chapter 17 used exceeds 30% of the value of the finished product	
19.03	Macaroni, spaghetti and similar products		Manufacture from durum wheat

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
20.06 (cont'd)	A. Nuts		Manufacture, without added sugar or spirit, in which the value of the constituent 'originating products' of heading Nos 08.01, 08.05 and 12.01, represents at least 60% of the value of the manufactured product
	B. Other fruits	Manufactured from products of Chapter 17 of which the value exceeds 30% of the value of the finished product	
ex 20.07	Fruit juices (including grape must), whether or not containing added sugar, but unfermented and not containing spirit	Manufacture from products of Chapter 17 of which the value exceeds 30% of the value of the finished product	
ex 21.01	Roasted chicory and extracts thereof	Manufacture from chicory roots, fresh or dried	
21.05	Soups and broths in liquid, solid or powder forms; homogenized food preparations	Manufacture from products of heading No 20.02	
22.02	Lemonade, flavoured spa waters and flavoured aerated waters, and other non-alcoholic beverages, not including fruit and vegetable juices falling within heading No 20.07	Manufacture from fruit juices ⁽¹⁾ or in which the value of products of Chapter 17 used exceeds 30% of the value of the finished product	
22.06	Vermouths, and other wines of fresh grapes flavoured with aromatic extracts	Manufacture from products of heading No 08.04, 20.07, 22.04 or 22.05	
22.08	Ethyl alcohol or neutral spirits, undenatured, of a strength of 80° or higher; denatured spirits (including ethyl alcohol and neutral spirits) of any strength	Manufacture from products of heading No 08.04, 20.07, 22.04 or 22.05	
22.09	Spirits (other than those of heading No 22.08); liqueurs and other spirituous beverages; compound alcoholic preparations (known as 'concentrated extracts') for the manufacture of beverages	Manufacture from products of heading No 08.04, 20.07, 22.04 or 22.05	
22.10	Vinegar and substitutes for vinegar	Manufacture from products of heading No 08.04, 20.07, 22.04 or 22.05	

⁽¹⁾ This rule does not apply where fruit juices of pineapple, lime and grapefruit are concerned.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
ex 23.03	Residues from the manufacture of maize starch (excluding concentrated steeping liquors), of a protein content, calculated on the dry product, exceeding 40% by weight	Manufacture from maize or maize flour	
23.04	Oil cake and other residues (except dregs) resulting from the extraction of vegetable oils	Manufacture from various products	
23.07	Sweetened forage; other preparations of a kind used in animal feeding	Manufacture from cereals and derived products, meat, milk, sugar and molasses	
ex 24.02	Cigarettes, cigars, smoking tobacco		Manufacture from products of heading No 24.01 of which at least 70% by quantity are 'originating products'
ex 28.38	Aluminium sulphate		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
30.03	Medicaments (including veterinary medicaments)		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
31.05	Other fertilizers; goods of the present Chapter in tablets, lozenges and similar prepared forms or in packings of a gross weight not exceeding 10 kg		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
32.06	Colour lakes	Manufacture from materials of heading No 32.04 or 32.05 ⁽¹⁾	
32.07	Other colouring matter; inorganic products of a kind used as luminophores	Mixing of oxides or salts of Chapter 28 with extenders such as barium sulphate, chalk barium carbonate and satin white ⁽¹⁾	
33.05	Aqueous distillates and aqueous solutions of essential oils, including such products suitable for medicinal uses	Manufacture from products of heading No 33.01 ⁽¹⁾	
35.05	Dextrins and dextrin glues; soluble or roasted starches; starch glues		Manufacture from maize or potatoes

⁽¹⁾ These provisions do not apply where the products are obtained from products which have acquired the status of originating products in accordance with the conditions laid down in List B.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
37.01	Photographic plates and film in the flat, sensitized, unexposed, of any material other than paper, paperboard or cloth	Manufacture from products of heading No 37.02 (*)	
37.02	Film in rolls, sensitized, unexposed, perforated or not	Manufacture from products of heading No 37.01 (*)	
37.04	Sensitized plates and film, exposed but not developed, negative or positive	Manufacture from products of heading No 37.01 or 37.02 (*)	
38.11	Disinfectants, insecticides, fungicides, weed-killers, anti-sprouting products, rat poisons and similar products, put up in forms or packings for sale by retail or as preparations or as articles (for example, sulphur-treated bands, wicks and candles, fly-papers)		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
38.12	Prepared glazings, prepared dressings and prepared mordants, of a kind used in the textile, paper, leather or like industries		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
38.13	Pickling preparations for metal surfaces; fluxes and other auxiliary preparations for soldering, brazing or welding; soldering, brazing or welding powders and pastes consisting of metal and other materials; preparations of a kind used as cores or coatings for welding rods and electrodes		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
ex 38.14	Anti-knock preparations, oxidation inhibitors, gum inhibitors, viscosity improvers, anti-corrosive preparations and similar prepared additives for mineral oils, excluding prepared additives for lubricants		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
38.15	Prepared rubber accelerators		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product

(*) These provisions do not apply where the products are obtained from products which have acquired the status of originating products in accordance with the conditions laid down in List B

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
38.17	Preparations and charges for fire-extinguishers; charged fire-extinguishing grenades		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
38.18	Composite solvents and thinners for varnishes and similar products		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
ex 38.19	<p>Chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included; residual products of the chemical or allied industries, not elsewhere specified or included, excluding:</p> <ul style="list-style-type: none"> — Fusel oil and Dippel's oil; — Naphthenic acids and their non-water-soluble salts, esters of naphthenic acids; — Sulphonaphthenic acids and their non-water-soluble salts; esters of sulphonaphthenic acids; — Petroleum sulphonates, excluding petroleum sulphonates of alkali metals, of ammonium or of ethanolamines, thiophenated sulphonic acids of oils obtained from bituminous minerals, and their salts; — Mixed alkylbenzenes and mixed alkylnaphthalenes; — Ion exchangers; — Catalysts; — Getters for vacuum tubes; — Refractory cements or mortars and similar preparations; — Alkaline iron oxide for the purification of gas; — Carbon (excluding that in artificial graphite of heading No 38 01) of metallo-graphite or other compounds, in the form of small plates, bars or other semi-manufactures — Sorbitol other than sorbitol of heading No 29.04 		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
ex 39.02	Polymerization products		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
39.07	Articles of materials of the kinds described in heading Nos 39.01 to 39.06		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product.
40.05	Plates, sheets and strip, of unvulcanized natural or synthetic rubber, other than smoked sheets and crepe sheets of heading No 40.01 or 40.02; granules of unvulcanized natural or synthetic rubber compounded ready for vulcanization; unvulcanized natural or synthetic rubber, compounded before or after coagulation either with carbon black (with or without the addition of mineral oil) or with silica (with or without the addition of mineral oil), in any form, of a kind known as masterbatch		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
41.08	Patent leather and imitation patent leather; metallized leather		Varnishing or metallizing of leather of heading Nos 41.02 to 41.07 (other than skin leather of crossed Indian sheep and of Indian goat or kid, not further prepared than vegetable tanned, or if otherwise prepared obviously unsuitable for immediate use in the manufacture of leather articles) in which the value of the skin leather used does not exceed 50% of the value of the finished product
43.03	Articles of furskin	Making up from furskin in plates, crosses and similar forms (heading No ex 43.02) ⁽¹⁾	
44.21	Complete wooden packing cases, boxes, crates, drums and similar packings		Manufacture from boards not cut to size
45.03	Articles of natural cork		Manufacture from products of heading No 45.01

⁽¹⁾ These provisions do not apply where the products are obtained from products which have acquired the status of originating products in accordance with the conditions laid down in List B.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
48.06	Paper and paperboard, ruled, lined or squared, but not otherwise printed, in rolls or sheets		Manufacture from paper pulp
48.14	Writing blocks, envelopes, letter cards, plain postcards, correspondence cards; boxes, pouches, wallets and writing compendiums, of paper or paperboard, containing only an assortment of paper stationery		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
48.15	Other paper and paperboard, cut to size or shape		Manufacture from paper pulp
48.16	Boxes, bags and other packing containers, of paper or paperboard		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
49.09	Picture postcards, Christmas and other picture greeting cards, printed by any process, with or without trimmings	Manufacture from products of heading No 49.11	
49.10	Calendars of any kind, of paper or paperboard, including calendar blocks	Manufacture from products of heading No 49.11	
50.04 ⁽¹⁾	Silk yarn, other than yarn of noil or other waste silk, not put up for retail sale		Manufacture from products other than those of heading No 50.04
50.05 ⁽¹⁾	Yarn spun from silk waste other than noil, not put up for retail sale		Manufacture from products of heading No 50.03
50.06 ⁽¹⁾	Yarn spun from noil silk, not put up for retail sale		Manufacture from products of heading No 50.03
50.07 ⁽¹⁾	Silk yarn and yarn spun from noil or other waste silk, put up for retail sale		Manufacture from products of heading Nos 50.01 to 50.03
ex 50.08 ⁽¹⁾	Imitation catgut of silk		Manufacture from products of heading No 50.01 or from products of heading No 50.03 neither carded nor combed

⁽¹⁾ For yarn composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which yarns of the other textile materials of which the mixed yarn is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10% of the total weight of textile materials incorporated.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
53.08 ⁽¹⁾	Yarn of fine animal hair (carded or combed), not put up for retail sale		Manufacture from raw fine animal hair of heading No 53.02
53.09 ⁽¹⁾	Yarn of horsehair or of other coarse animal hair, not put up for retail sale		Manufacture from raw coarse animal hair of heading No 53.02 or from raw horsehair of heading No 05.03
53.10 ⁽¹⁾	Yarn of sheep's or lambs' wool, of horsehair or of other animal hair (fine or coarse), put up for retail sale		Manufacture from materials of heading Nos 05.03 and 53.01 to 53.04
53.11 ⁽²⁾	Woven fabrics of sheep's or lambs' wool or of fine animal hair		Manufacture from materials of heading Nos 53.01 to 53.05
53.12 ⁽²⁾	Woven fabrics of coarse animal hair other than horsehair		Manufacture from products of heading Nos 53.02 to 53.05
53.13 ⁽²⁾	Woven fabrics of horsehair		Manufacture from horsehair of heading No 05.03
54.03 ⁽¹⁾	Flax or ramie yarn, not put up for retail sale		Manufacture either from products of heading No 54.01 neither carded nor combed or from products of heading No 54.02
54.04 ⁽¹⁾	Flax or ramie yarn, put up for retail sale		Manufacture from materials of heading No 54.01 or 54.02
54.05 ⁽²⁾	Woven fabrics of flax or of ramie		Manufacture from materials of heading No 54.01 or 54.02
55.05 ⁽¹⁾	Cotton yarn, not put up for retail sale		Manufacture from materials of heading No 55.01 or 55.03
55.06 ⁽¹⁾	Cotton yarn, put up for retail sale		Manufacture from materials of heading No 55.01 or 55.03
55.07 ⁽²⁾	Cotton gauze		Manufacture from materials of heading No 55.01, 55.03 or 55.04
55.08 ⁽²⁾	Terry towelling and similar terry fabrics, of cotton		Manufacture from materials of heading No 55.01, 55.03 or 55.04
55.09 ⁽²⁾	Other woven fabrics of cotton		Manufacture from materials of heading No 55.01, 55.03 or 55.04

(1) For yarn composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which yarns of the other textile materials of which the mixed yarn is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10% of the total weight of textile materials incorporated.

(2) For fabrics composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which fabric of the other textile materials of which the mixed fabric is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10% of the total weight of textile materials incorporated. This percentage shall be increased:

(i) to 20% where the material in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not samped, falling within heading Nos ex 51.01 and ex 58.07;

(ii) to 30% where the material in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

CCT beading No	Products obtained	Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
	Description		
56.01	Man-made fibres (discontinuous), not carded, combed or otherwise prepared for spinning		Manufacture from chemical products or textile pulp
56.02	Continuous filament tow for the manufacture of man-made fibres (discontinuous)		Manufacture from chemical products or textile pulp
56.03	Waste (including yarn waste and pulled or garnetted rags) of man-made fibres (continuous or discontinuous), not carded, combed or otherwise prepared for spinning		Manufacture from chemical products or textile pulp
56.04	Man-made fibres (discontinuous or waste), carded, combed or otherwise prepared for spinning		Manufacture from chemical products or textile pulp
56.05 ⁽¹⁾	Yarn of man-made fibres (discontinuous or waste), not put up for retail sale		Manufacture from chemical products or textile pulp
56.06 ⁽¹⁾	Yarn of man-made fibres (discontinuous or waste), put up for retail sale		Manufacture from chemical products or textile pulp
56.07 ⁽²⁾	Woven fabrics of man-made fibres (discontinuous or waste)		Manufacture from products of heading Nos 56.01 to 56.03
57.05 ⁽¹⁾	Yarn of true hemp		Manufacture from raw true hemp
57.06 ⁽¹⁾	Yarn of jute or of other textile bast fibres of heading No 57.03		Manufacture from raw jute, jute tow or from other raw textile bast fibres of heading No 57.03
57.07 ⁽¹⁾	Yarn of other vegetable textile fibres		Manufacture from raw vegetable textile fibres of heading No 57.02 or 57.04

⁽¹⁾ For yarn composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which yarns of the other textile materials of which the mixed yarn is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10% of the total weight of textile materials incorporated.

⁽²⁾ For fabrics composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which fabric of the other textile materials of which the mixed fabric is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10% of the total weight of textile materials incorporated. This percentage shall be increased:

(i) to 20% where the material in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07,

(ii) to 30% where the material in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
57.08	Paper yarn		Manufacture from products of Chapter 47, from chemical products, textile pulp or from natural textile fibres, discontinuous man-made fibres or their waste, neither carded nor combed
57.09 ⁽¹⁾	Woven fabrics of true hemp		Manufacture from products of heading No 57.01
57.10 ⁽¹⁾	Woven fabrics of jute or of other textile bast fabrics of heading No 57.03		Manufacture from raw jute, jute tow or from other raw textile bast fibres of heading No 57.03
57.11 ⁽¹⁾	Woven fabrics of other vegetable textile fibres		Manufacture from materials of heading No 57.02 or 57.04 or from coir yarn of heading No 57.07
57.12	Woven fabrics of paper yarn		Manufacture from paper, from chemical products, textile pulp or from natural textile fibres, discontinuous man-made fibres or their waste
58.01 ⁽²⁾	Carpets, carpeting and rugs, knotted (made up or not)		Manufacture from materials of heading Nos 50.01 to 50.03, 51.01, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or 57.01 to 57.04
58.02 ⁽²⁾	Other carpets, carpeting, rugs, mats and matting, and 'Kelem', 'Schumacks' and 'Karamanie' rugs and the like (made up or not)		Manufacture from materials of heading Nos 50.01 to 50.03, 51.01, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03, 57.01 to 57.04 or from coir yarn of heading No 57.07
58.04 ⁽²⁾	Woven pile fabrics and chenille fabrics (other than terry towelling or similar terry fabrics of cotton of heading No 55.08 and fabrics of heading No 58.05)		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03, 57.01 to 57.04 or from chemical products or textile pulp

⁽¹⁾ For fabrics composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which fabric of the other textile materials of which the mixed fabric is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated. This percentage shall be increased:

(i) to 20 % where the material in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07;

(ii) to 30 % where the material in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

⁽²⁾ For products composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which products of the other textile materials of which the mixed product is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10 % of the total weight of textile materials incorporated. This percentage shall be increased:

(i) to 20 % where the product in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07;

(ii) to 30 % where the product in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products following conditions a
CCT heading No	Description		
58.05 ⁽¹⁾	Narrow woven fabrics, and narrow fabrics (bolduc) consisting of warp without weft assembled by means of an adhesive, other than goods falling within heading No 58.06		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or 57.01 to 57.04 or from chemical products or textile pulp
58.06 ⁽¹⁾	Woven labels, badges and the like, not embroidered, in the piece, in strips or cut to shape or size		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or from chemical products or textile pulp
58.07 ⁽¹⁾	Chenille yarn (including flock chenille yarn), gimped yarn (other than metallized yarn of heading No 52.01 and gimped horsehair yarn); braids and ornamental trimmings in the piece; tassels, pompons and the like		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or from chemical products or textile pulp
58.08 ⁽¹⁾	Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), plain		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or from chemical products or textile pulp
58.09 ⁽¹⁾	Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), figured; hand or mechanically made lace, in the piece, in strips or in motifs		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or from chemical products or textile pulp
58.10	Embroidery, in the piece, in strips or in motifs		Manufacture in which the value of the product used does not exceed 50% of the value of finished product
59.01 ⁽¹⁾	Wadding and articles of wadding; textile flock and dust and mill neps		Manufacture either from natural fibres or from chemical products or textile pulp
59.02 ⁽¹⁾	Felt and articles of felt, whether or not impregnated or coated		Manufacture either from natural fibres or from chemical products or textile pulp

⁽¹⁾ For products composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which products of the other textile materials of which the mixed product is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10% of the total weight of textile materials incorporated. This percentage shall be increased:

- (i) to 20% where the product in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07;
- (ii) to 30% where the product in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
ex 59.02 ⁽¹⁾	Needled felt, whether or not impregnated or coated		Manufacture from fibre or continuous polypropylene filament of which the denomination of the filaments is less than eight denier and of which the value does not exceed 40% of the value of the finished product
59.03 ⁽¹⁾	Bonded fibre fabrics, similar bonded yarn fabrics, and articles of such fabrics, whether or not impregnated or coated		Manufacture either from natural fibres or from chemical products or textile pulp
59.04 ⁽¹⁾	Twine, cordage, ropes and cables, plaited or not		Manufacture either from natural fibres or from chemical products or textile pulp or from coir yarn of heading No 57.07
59.05 ⁽¹⁾	Nets and netting made of twine, cordage or rope, and made up fishing nets of yarn, twine, cordage or rope		Manufacture either from natural fibres or from chemical products or textile pulp or from coir yarn of heading No 57.07
59.06 ⁽¹⁾	Other articles made from yarn, twine, cordage, rope or cables, other than textile fabrics and articles made from such fabrics		Manufacture either from natural fibres or from chemical products or textile pulp or from coir yarn of heading No 57.07
59.07	Textile fabrics coated with gum or amylaceous substances of a kind used for the outer covers of books and the like; tracing cloth; prepared painting canvas; buckram and similar fabrics for hat foundations and similar uses		Manufacture from yarn
59.08	Textile fabrics impregnated, coated, covered or laminated with preparations of cellulose derivatives or of other artificial plastic materials		Manufacture from yarn
59.09	Textile fabrics coated or impregnated with oil or preparations with a basis of drying oil		Manufacture from yarn
59.10 ⁽¹⁾	Linoleum and materials prepared on a textile base in a similar manner to linoleum, whether or not cut to shape or of a kind used as floor coverings; floor coverings consisting of a coating applied on a textile base, cut to shape or not		Manufacture either from yarn or from textile fibres

⁽¹⁾ For products composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which products of the other textile materials of which the mixed product is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10% of the total weight of textile materials incorporated. This percentage shall be increased

(i) to 20% where the product in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07;

(ii) to 30% where the product in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
59.11	Rubberized textile fabrics, other than rubberized knitted or crocheted goods		Manufacture from yarn
59.12	Textile fabrics otherwise impregnated or coated; painted canvas being theatrical scenery, studio backcloths or the like		Manufacture from yarn
59.13 ⁽¹⁾	Elastic fabrics and trimmings (other than knitted or crocheted goods) consisting of textile materials combined with rubber threads		Manufacture from single yarn
59.15 ⁽¹⁾	Textile hose-piping and similar tubing, with or without lining, armour or accessories of other materials		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or 57.01 to 57.04 or from chemical products or textile pulp
59.16 ⁽¹⁾	Transmission, conveyor or elevator belts or belting, of textile material, whether or not strengthened with metal or other material		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or 57.01 to 57.04 or from chemical products or textile pulp
59.17 ⁽¹⁾	Textile fabrics and textile articles, of a kind commonly used in machinery or plant		Manufacture from materials of heading Nos 50.01 to 50.03, 53.01 to 53.05, 54.01, 55.01 to 55.04, 56.01 to 56.03 or 57.01 to 57.04 or from chemical products or textile pulp
ex Chapter 60 ⁽¹⁾	Knitted and crocheted goods, excluding knitted or crocheted goods obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from natural fibres, carded or combed, from materials of heading Nos 56.01 to 56.03, from chemical products or textile pulp
ex 60.02	Gloves, mittens and mitts, knitted or crocheted, not elastic or rubberized, obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from yarn ⁽²⁾

⁽¹⁾ For products composed of two or more textile materials, the conditions shown in this list must also be met in respect of each of the headings under which products of the other textile materials of which the mixed product is composed would be classified. This rule, however, does not apply to any one or more mixed textile materials whose weight does not exceed 10% of the total weight of textile materials incorporated. This percentage shall be increased:

i) to 20% where the product in question is yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped, falling within heading Nos ex 51.01 and ex 58.07;

ii) to 30% where the product in question is yarn of a width not exceeding 5 mm formed of a core consisting either of a thin strip of aluminium or of a film of artificial plastic material whether or not covered with aluminium powder, this core having been inserted and glued by means of a transparent or coloured glue between two films of artificial plastic material.

⁽²⁾ Trimmings and accessories used (excluding linings and interlinings) which change tariff heading do not remove the originating status of the product obtained if their weight does not exceed 10% of the total weight of all the textile materials incorporated.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
ex 60.03	Stockings, under stockings, socks, ankle-socks, sockettes and the like, knitted or crocheted, not elastic or rubberized, obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from yarn ⁽¹⁾
ex 60.04	Under garments, knitted or crocheted, not elastic or rubberized, obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from yarn ⁽¹⁾
ex 60.05	Outer garments and other articles, knitted or crocheted, not elastic or rubberized, obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from yarn ⁽¹⁾
ex 60.06	Other articles, knitted or crocheted, elastic or rubberized (including elastic knee-caps and elastic stockings), obtained by sewing or by the assembly of pieces of knitted or crocheted goods (cut or obtained directly to shape)		Manufacture from yarn ⁽¹⁾
61.01	Men's and boys' outer garments		Manufacture from yarn ⁽¹⁾ ⁽²⁾
ex 61.01	Fire resistant equipment of cloth covered by foil of aluminized polyester		Manufacture from uncoated cloth of which the value does not exceed 40% of the value of the finished product ⁽¹⁾ ⁽²⁾
ex 61.02	Women's, girls' and infants' outer garments, not embroidered		Manufacture from yarn ⁽¹⁾ ⁽²⁾
ex 61.02	Fire resistant equipment of cloth covered by foil of aluminized polyester		Manufacture from uncoated cloth of which the value does not exceed 40% of the value of the finished product ⁽¹⁾ ⁽²⁾
ex 61.02	Women's, girls' and infants' outer garments, embroidered		Manufacture from fabrics, not embroidered, the value of which does not exceed 40% of the value of the finished product ⁽¹⁾

⁽¹⁾ Trimmings and accessories used (excluding linings and interlinings) which change tariff heading do not remove the originating status of the product obtained if their weight does not exceed 10% of the total weight of all the textile materials incorporated.

⁽²⁾ These provisions do not apply where the products are obtained from printed fabric in accordance with the conditions shown in List B.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
61.03	Men's and boys' under garments, including collars, shirt fronts and cuffs		Manufacture from yarn ⁽¹⁾ ⁽²⁾
61.04	Women's, girls' and infants' under garments		Manufacture from yarn ⁽¹⁾ ⁽²⁾
ex 61.05	Handkerchiefs, not embroidered		Manufacture from unbleached single yarn ⁽¹⁾ ⁽²⁾ ⁽³⁾
ex 61.05	Handkerchiefs, embroidered		Manufacture from fabrics, not embroidered, the value of which does not exceed 40% of the value of the finished product ⁽¹⁾
ex 61.06	Shawls, scarves, mufflers, mantillas, veils and the like, not embroidered		Manufacture from unbleached single yarn of natural textile fibres or discontinuous man-made fibres or their waste, or from chemical products or textile pulp ⁽¹⁾ ⁽²⁾
ex 61.06	Shawls, scarves, mufflers, mantillas, veils and the like, embroidered		Manufacture from fabrics, not embroidered, the value of which does not exceed 40% of the value of the finished product ⁽¹⁾
61.07	Ties, bow ties and cravats		Manufacture from yarn ⁽¹⁾ ⁽²⁾
ex 61.08	Collars, tuckers, fallals, bodice-fronts, jabots, cuffs, flounces, yokes and similar accessories and trimmings for women's and girls' garments, not embroidered		Manufacture from yarn ⁽¹⁾ ⁽²⁾
ex 61.08	Collars, tuckers, fallals, bodice-fronts, jabots, cuffs, flounces, yokes and similar accessories and trimmings for women's and girls' garments, embroidered		Manufacture from fabrics, not embroidered, the value of which does not exceed 40% of the value of the finished product ⁽¹⁾
61.09	Corsets, corset-belts, suspender-belts, brassières, braces, suspenders, garters and the like (including such articles of knitted or crocheted fabric), whether or not elastic		Manufacture from yarn ⁽¹⁾ ⁽²⁾
61.10	Gloves, mittens, mitts, stockings, socks and sockettes, not being knitted or crocheted goods		Manufacture from yarn ⁽¹⁾ ⁽²⁾

⁽¹⁾ Trimmings and accessories used (excluding linings and interlinings) which change tariff heading do not remove the originating status of the product obtained if their weight does not exceed 10% of the total weight of all the textile materials incorporated.

⁽²⁾ These provisions do not apply where the products are obtained from printed fabric in accordance with the conditions shown in List B.

⁽³⁾ For products obtained from two or more textile materials, this rule does not apply to one or more of the mixed textile materials if its or their weight does not exceed 10% of the total weight of all the textile materials incorporated.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
ex 61.10	Fire resistant equipment of cloth covered by foil of aluminized polyester		Manufacture from uncoated cloth of which the value does not exceed 40% of the value of the finished product ⁽¹⁾ ⁽²⁾
61.11	Made up accessories for articles of apparel (for example, dress shields, shoulder and other pads, belts, muffs, sleeve protectors, pockets)		Manufacture from yarn ⁽¹⁾ ⁽²⁾
62.01	Travelling rugs and blankets		Manufacture from unbleached yarn of Chapters 50 to 56 ⁽²⁾ ⁽³⁾
ex 62.02	Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles; not embroidered		Manufacture from unbleached single yarn ⁽²⁾ ⁽³⁾
ex 62.02	Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles; embroidered		Manufacture from fabrics, not embroidered, the value of which does not exceed 40% of the value of the finished product
62.03	Sacks and bags, of a kind used for the packing of goods		Manufacture from chemical products, textile pulp or from natural textile fibres, discontinuous man-made fibres or their waste ⁽²⁾ ⁽³⁾
62.04	Tarpaulins, sails, awnings, sun-blinds, tents and camping goods		Manufacture from single unbleached yarn ⁽²⁾ ⁽³⁾
62.05	Other made up textile articles (including dress patterns)		Manufacture in which the value of the products used does not exceed 40% of the value of the finished product
64.01	Footwear with outer soles and uppers of rubber or artificial plastic material	Manufacture from assemblies of uppers affixed to inner soles or to other sole components, but without outer soles, of any material except metal	

⁽¹⁾ Trimmings and accessories used (excluding linings and interlinings) which change tariff heading do not remove the originating status of the product obtained if their weight does not exceed 10% of the total weight of all the textile materials incorporated.

⁽²⁾ These provisions do not apply where the products are obtained from printed fabric in accordance with the conditions shown in List B.

⁽³⁾ For products obtained from two or more textile materials, this rule does not apply to one or more of the mixed textile materials if its or their weight does not exceed 10% of the total weight of all the textile materials incorporated.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
64.02	Footwear with outer soles of leather or composition leather; footwear (other than footwear falling within heading No 64.01) with outer soles of rubber or artificial plastic material	Manufacture from assemblies of uppers affixed to inner soles or to other sole components, but without outer soles, of any material except metal	
64.03	Footwear with outer soles of wood or cork	Manufacture from assemblies of uppers affixed to inner soles or to other sole components, but without outer soles, of any material except metal	
64.04	Footwear with outer soles of other materials	Manufacture from assemblies of uppers affixed to inner soles or to other sole components, but without outer soles, of any material except metal	
65.03	Felt hats and other felt headgear, being headgear made from the felt hoods and plateaux falling within heading No 65.01, whether or not lined or trimmed		Manufacture from textile fibres
65.05	Hats and other headgear (including hair nets), knitted or crocheted, or made up from lace, felt or other textile fabric in the piece (but not from strips), whether or not lined or trimmed		Manufacture either from yarn or from textile fibres
66.01	Umbrellas and sunshades (including walking-stick umbrellas, umbrella tents, and garden and similar umbrellas)		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
ex 70.07	Cast, rolled, drawn or blown glass (including flashed or wired glass) cut to shape other than rectangular shape, or bent or otherwise worked (for example, edge worked or engraved) whether or not surface ground or polished; multiple-walled insulating glass	Manufacture from drawn, cast or rolled glass of heading Nos 70.04 to 70.06	

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
70.08	Safety glass consisting of toughened or laminated glass, shaped or not	Manufacture from drawn, cast or rolled glass of heading Nos 70.04 to 70.06	Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
70.09	Glass mirrors (including rear-view mirrors), unframed, framed or backed	Manufacture from drawn, cast or rolled glass of heading Nos 70.04 to 70.06	
71.15	Articles consisting of, or incorporating, pearls, precious or semi-precious stones (natural, synthetic or reconstructed)		
73.07	Blooms, billets, slabs and sheet-bars (including tinplate bars) of iron or steel; pieces roughly shaped by forging, of iron or steel	Manufacture from products of heading No 73.06	
73.08	Iron or steel coils re-rolling	Manufacture from products of heading No 73.07	
73.09	Universal plates of iron or steel	Manufacture from products of heading No 73.07 or 73.08	
73.10	Bars and rods (including wire rod), of iron or steel, hot-rolled, forged, extruded, cold-formed or cold-finished (including precision-made); hollow mining drill steel	Manufacture from products of heading No 73.07	
73.11	Angles, shapes and sections, of iron or steel, hot-rolled, forged, extruded, cold-formed or cold-finished; sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements	Manufacture from products of heading Nos 73.07 to 73.10, 73.12 or 73.13	
73.12	Hoop and strip, of iron or steel, hot-rolled or cold-rolled	Manufacture from products of heading Nos 73.07 to 73.09 or 73.13	
73.13	Sheets and plates, of iron or steel, hot-rolled or cold-rolled	Manufacture from products of heading Nos 73.07 to 73.09	
73.14	Iron or steel wire, whether or not coated, but not insulated	Manufacture from products of heading No 73.10	

⁽¹⁾ These provisions do not apply where the products are obtained from products which have acquired the status of originating products in accordance with the conditions laid down in List B.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
73.16	Railway and tramway track construction material of iron or steel, the following: rails, check-rails, switch blades, crossings (or frogs), crossing pieces, point rods, rack rails, sleepers, fish-plates, chairs, chair wedges, sole plates (base plates), rail clips, bed-plates, ties and other material specialized for joining or fixing rails		Manufacture from products of heading No 73.06
73.18	Tubes and pipes and blanks therefor, of iron (other than of cast iron) or steel, excluding high-pressure hydro-electric conduits		Manufacture from products of heading Nos 73.06 and 73.07 or heading No 73.15 in the forms specified in heading Nos 73.06 and 73.07
74.03	Wrought bars, rods, angles, shapes and sections, of copper; copper wire		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
74.04	Wrought plates, sheets and strip, of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
74.05	Copper foil (whether or not embossed, cut to shape, perforated, coated, printed, or backed with paper or other reinforcing material), of a thickness (excluding any backing), not exceeding 0.15 mm		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
74.06	Copper powder and flakes		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
74.07	Tubes and pipes and blanks therefor, of copper; hollow bars of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
74.08	Tube and pipe fittings (for example, joints, elbows, sockets and flanges), of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾

⁽¹⁾ These provisions do not apply where the products are obtained from products which have acquired the status of originating products in accordance with the conditions laid down in Part B.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
74.09	Reservoirs, tanks, vats and similar containers, for any material (other than compressed or liquified gas), of copper, of a capacity exceeding 300 litres, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product (1)
74.10	Stranded wire, cables, cordage, ropes, plaited bands and the like, of copper wire, but excluding insulated electric wires and cables		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product (1)
74.11	Gauze, cloth, grill, netting, fencing, reinforcing fabric and similar materials (including endless bands), of copper wire		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product (1)
74.12	Expanded metal, of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product (1)
74.13	Chain and parts thereof, of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product (1)
74.14	Nails, tacks, staples, hook-nails, spiked cramps, studs, spikes and drawing pins, of copper, or of iron or steel with heads of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product (1)
74.15	Bolts and nuts (including bolt ends and screw studs), whether or not threaded or tapped, and screws (including screw hooks and screw heads), of copper; rivets, cotters, cotter pins, washers and spring washers, of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product (1)
74.16	Springs, of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product (1)
74.17	Cooking and heating apparatus of a kind used for domestic purposes, not electrically operated, and parts thereof, of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product (1)

(1) These provisions do not apply where the products are obtained from products which have acquired the status of originating products in accordance with the conditions laid down in LM B.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
74.18	Other articles of a kind commonly used for domestic purposes, sanitary ware for indoor use, and parts of such articles and ware, of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
74.19	Other articles of copper		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
75.02	Wrought bars, rods, angles, shapes and sections, of nickel; nickel wire		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
75.03	Wrought plates, sheets and strip, of nickel; nickel foil; nickel powders and flakes		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
75.04	Tubes and pipes and blanks therefor, of nickel; hollow bars, and tube and pipe fittings (for example, joints, elbows, sockets and flanges), of nickel		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
75.05	Electro-plating anodes, of nickel, wrought or unwrought, including those produced by electrolysis		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
75.06	Other articles of nickel		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
76.02	Wrought bars, rods, angles, shapes and sections, of aluminium; aluminium wire		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.03	Wrought plates, sheets and strip, of aluminium		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.04	Aluminium foil (whether or not embossed, cut to shape, perforated, coated, printed, or backed with paper or other reinforcing material), of a thickness (excluding any backing) not exceeding 0.20 mm		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product

⁽¹⁾ These provisions do not apply where the products are obtained from products which have acquired the status of originating products in accordance with the conditions laid down in List B.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
76.05	Aluminium powders and flakes		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.06	Tubes and pipes and blanks therefor, of aluminium; hollow bars of aluminium		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.07	Tube and pipe fittings (for example, joints, elbows, sockets and flanges), of aluminium		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.08	Structures, complete or incomplete, whether or not assembled, and parts of structures (for example, hangars and other buildings, bridges and bridge-sections, towers, lattice masts, roofs, roofing frameworks, door and window frames, balustrades, pillars and columns), of aluminium; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of aluminium		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.09	Reservoirs, tanks, vats and similar containers, for any material (other than compressed or liquified gas), of aluminium, of a capacity exceeding 300 litres, whether or not lined or heat insulated, but not fitted with mechanical or thermal equipment		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.10	Casks, drums, cans, boxes and similar containers (including rigid and collapsible tubular containers), of aluminium, of a description commonly used for the conveyance or packing of goods		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.11	Containers of aluminium for compressed or liquified gas		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.12	Stranded wire, cables, cordage, ropes, plaited bands and the like, of aluminium wire, but excluding insulated electric wires and cables		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.13	Gauze, cloth, grill, netting, reinforcing fabric and similar materials, of aluminium wire		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
76.14	Expanded metal, of aluminium		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.15	Articles of a kind commonly used for domestic purposes, sanitary ware for indoor use, and parts of such articles and ware, of aluminium		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
76.16	Other articles of aluminium		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
77.02	Wrought bars, rods, angles, shapes and sections, of magnesium; magnesium wire; wrought plates, sheets and strip, of magnesium; magnesium foil; raspings and shavings of uniform size, powders and flakes, of magnesium; tubes and pipes and blanks therefor, of magnesium; hollow bars of magnesium		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
77.03	Other articles of magnesium		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
78.02	Wrought bars, rods, angles, shapes and sections, of lead; lead wire		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
78.03	Wrought plates, sheets and strip, of lead		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
78.04	Lead foil (whether or not embossed, cut to shape, perforated, coated, printed, or backed with paper or other reinforcing material), of a weight (excluding any backing) not exceeding 1.7 kg m ² ; lead powders and flakes		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
78.05	Tubes and pipes and blanks therefor, of lead; hollow bars and tube and pipe fittings (for example, joints, elbows, sockets, flanges and S-bends)		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾

⁽¹⁾ These provisions do not apply where the products are obtained from products which have acquired the status of originating products in accordance with the conditions laid down in List B

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
78.06	Other articles of lead		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product ⁽¹⁾
79.02	Wrought bars, rods, angles, shapes and sections, of zinc; zinc wire		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
79.03	Wrought plates, sheets and strip, of zinc; zinc foil; zinc powders and flakes		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
79.04	Tubes and pipes and blanks therefor, of zinc; hollow bars, and tube and pipe fittings (for example, joints, elbows, sockets and flanges), of zinc		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
79.05	Gutters, roof capping, skylight frames, and other fabricated building components, of zinc		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
79.06	Other articles of zinc		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
80.02	Wrought bars, rods, angles, shapes and sections, of tin; tin wire		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
80.03	Wrought plates, sheets and strip, of tin		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
80.04	Tin foil (whether or not embossed, cut to shape, perforated, coated, printed, or backed with paper or other reinforcing material), of a weight (excluding any backing) not exceeding 1 kg m ² ; tin powders and flakes		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product

⁽¹⁾ These provisions do not apply where the products are obtained from products which have acquired the status of originating products in accordance with the conditions laid down in List B.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
80.05	Tubes and pipes and blanks thereof, of tin; hollow bars, and tube and pipe fittings (for example, joints, elbows, sockets and flanges), of tin		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
82.05	Interchangeable tools for hand tools, for machine tools or for power-operated hand tools (for example, for pressing, stamping, drilling, tapping, threading, boring, broaching, milling, cutting, turning, dressing, morticing or screwdriving), including dies for wire drawing, extrusion dies for metal, and rock drilling bits		Working, processing or assembly in which the value of the materials and parts used does not exceed 40% of the value of the finished product ⁽¹⁾
82.06	Knives and cutting blades, for machines or for mechanical appliances		Working, processing or assembly in which the value of the materials and parts used does not exceed 40% of the value of the finished product ⁽¹⁾
ex Chapter 84	Boilers, machinery and mechanical appliances and parts thereof, excluding refrigerators and refrigerating equipment (electrical and other) (No 84.15) and sewing machines, including furniture specially designed for sewing machines (ex No 84.41)		Working, processing or assembly in which the value of the materials and parts used does not exceed 40% of the value of the finished product
84.15	Refrigerators and refrigerating equipment (electrical and other)		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that at least 50% in value of the materials and parts ⁽²⁾ used are originating products

⁽¹⁾ These provisions do not apply where the products are obtained from products which have acquired the status of originating products in accordance with the conditions laid down in List B.

⁽²⁾ In determining the value of products, materials and parts, the following must be taken into account:

(a) in respect of originating products, materials and parts, the first verifiable price paid, in case of sale, for the said products on the territory of the country where working, processing or assembly is carried out;

(b) in respect of products, materials and parts other than those referred to under (a), the provisions of Article 4 of this Protocol determining:

(i) the value of imported products;

(ii) the value of products of undetermined origin.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
ex 84.41	Sewing machines, including furniture for sewing machines		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that: (a) at least 50% in value of the materials and parts ⁽¹⁾ used for the assembly of the head (motor excluded) are originating products, and (b) the thread tension, crochets and zigzag mechanisms are originating products
ex Chapter 85	Electrical machinery and equipment; parts thereof; excluding products of heading No 85.14 or 85.15		Working, processing or assembly in which the value of the non-originating material and parts used does not exceed 40% of the value of the finished product
85.14	Microphones and stands therefor; loudspeakers; audio-frequency electric amplifiers		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that: (a) at least 50% in value of the materials and parts ⁽¹⁾ used are originating products, and (b) the value of the non-originating transistors used does not exceed 3% of the value of the finished product ⁽²⁾

(1) In determining the value of products, materials and parts, the following must be taken into account:

- (a) in respect of originating products, materials and parts, the first verifiable price paid, in case of sale, for the said products on the territory of the country where working, processing or assembly is carried out;
- (b) in respect of products, materials and parts, other than those referred to under (a), the provisions of Article 4 of this Protocol determining:
 - (i) the value of imported products,
 - (ii) the value of products of undetermined origin.

(2) This percentage is not cumulative with the 40%.

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
85.15	Radiotelegraphic and radio-telephonic transmission and reception apparatus; radio-broadcasting and television transmission and reception apparatus (including receivers incorporating sound recorders or reproducers) and television cameras; radio navigational aid apparatus, radar apparatus and radio remote control apparatus		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that: (a) at least 50% in value of the materials and parts (1) used are originating products, and (b) the value of the non-originating transistors used does not exceed 3% of the value of the finished product (2)
Chapter 86	Railway and tramway locomotives, rolling-stock and parts thereof; railway and tramway track fixtures and fittings; traffic signalling equipment of all kinds (not electrically powered)		Working, processing or assembly in which the value of the materials and parts used does not exceed 40% of the value of the finished product
ex Chapter 87	Vehicles, other than railway or tramway rolling-stock, and parts thereof, excluding products of heading No 87.09		Working, processing or assembly in which the value of the materials and parts used does not exceed 40% of the value of the finished product
87.09	Motor-cycles, autocycles and cycles fitted with an auxiliary motor, with or without side-cars; side-cars of all kinds		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that at least 50% in value of the materials and parts (1) used are originating products
ex Chapter 90	Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus and parts thereof, excluding products of heading No 90.05, 90.07, 90.08, 90.12 or 90.25		Working, processing or assembly in which the value of the materials and parts used does not exceed 40% of the value of the finished product

(1) In determining the value of products, materials and parts, the following must be taken into account:

a) in respect of originating products, materials and parts, the first verifiable price paid, in case of sale, for the said products on the territory of the country where working, processing or assembly is carried out.

b) in respect of products, materials and parts, other than those referred to under (a), the provisions of Article 4 of this Protocol determining

ii the value of imported products,

iii the value of products of undetermined origin

(2) This percentage is not cumulative with the 40%

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
90.05	Refracting telescopes (monocular and binocular), prismatic or not		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that at least 50% in value of the materials and parts ⁽¹⁾ used are originating products
90.07	Photographic cameras; photographic flashlight apparatus		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that at least 50% in value of the materials and parts ⁽¹⁾ used are originating products
90.08	Cinematographic cameras, projectors, sound recorders and sound reproducers; any combination of these articles		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that at least 50% in value of the materials and parts ⁽¹⁾ used are originating products
90.12	Compound optical microscopes, whether or not provided with means for photographing or projecting the image		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that at least 50% in value of the materials and parts ⁽¹⁾ used are originating products
90.26	Gas, liquid and electricity supply or production meters; calibrating meters therefor		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that at least 50% in value of the materials and parts ⁽¹⁾ used are originating products

⁽¹⁾ In determining the value of products, materials and parts, the following must be taken into account:

(a) in respect of originating products, materials and parts, the first verifiable price paid, in case of sale, for the said products on the territory of the country where working, processing or assembly is carried out

(b) in respect of products, materials and parts, other than those referred to under (a), the provisions of Article 4 of this Protocol, determining:

(i) the value of imported products,

(ii) the value of products of undetermined origin

Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
ex Chapter 91	Clocks and watches and parts thereof, excluding products of heading No 91.04 or 91.08		Working, processing or assembly in which the value of the materials and parts used does not exceed 40% of the value of the finished product
91.04	Other clocks		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that at least 50% in value of the materials and parts ⁽¹⁾ used are originating products
91.08	Clock movements, assembled		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that at least 50% in value of the materials and parts ⁽¹⁾ used are originating products
ex Chapter 92	Musical instruments; sound recorders and reproducers; television image and sound recorders and reproducers, magnetic; parts and accessories of such articles; excluding products of heading No 92.11		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product
92.11	Gramophones, dictating machines and other sound recorders and reproducers, including record players and tape decks, with or without sound-heads; television image and sound recorders and reproducers, magnetic		Working, processing or assembly in which the value of the non-originating materials and parts used does not exceed 40% of the value of the finished product, and provided that: <ul style="list-style-type: none"> (a) at least 50% in value of the materials and parts ⁽¹⁾ used are originating products, and (b) the value of the non-originating transistors used does not exceed 3% of the value of the finished product ⁽²⁾

⁽¹⁾ In determining the value of products, materials and parts, the following must be taken into account:

- (a) in respect of originating products, materials and parts, the net verifiable price paid, in case of sale, for the said products on the territory of the country where working, processing or assembly is carried out;
- (b) in respect of products, materials and parts, other than those referred to under (a), the provisions of Article 4 of this Protocol Determining
 - (i) the value of imported products,
 - (ii) the value of products of undetermined origin.

⁽²⁾ This percentage is not cumulative with the 40%.

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Products obtained		Working or processing that does not confer the status of originating products	Working or processing that confers the status of originating products when the following conditions are met
CCT heading No	Description		
Chapter 93	Arms and ammunition; parts thereof		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
96.02	Other brooms and brushes (including brushes of a kind used as parts of machines); paint rollers; squeegees (other than roller squeegees) and mops		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
97.03	Other toys; working models of a kind used for recreational purposes		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
98.01	Buttons and button moulds, studs, cuff-links, and press-fasteners, including snap fasteners and press-studs; blanks and parts of such articles		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product
98.08	Typewriter and similar ribbons, whether or not on spools; ink-pads, with or without boxes		Manufacture in which the value of the products used does not exceed 50% of the value of the finished product



APPENDIX III

ANNEX V
MOVEMENT CERTIFICATE

1. Exporter (Name, full address, country)	EUR.1 No A 000.000		
	See notes overleaf before completing this form		
3. Consignee (Name, full address, country) (Optional)	2. Certificate used in preferential trade between and (insert appropriate countries, groups of countries or territories)		
	4. Country, group of countries or territory in which the products are considered as originating	5. Country, group of countries or territory of destination	
	6. Transport details (Optional)		
7. Remarks			
8. Item number; Marks and numbers; Number and kind of packages ⁽¹⁾ ; Description of goods		9. Gross weight (kg) or other measure (litres, m ³ , etc.)	10. Invoices (Optional)
<p>11. CUSTOMS ENDORSEMENT</p> <p>Declaration certified</p> <p>Export document ⁽²⁾ Stamp</p> <p>Form No</p> <p>Customs office</p> <p>Issuing country or territory</p> <p>Date</p> <p align="right">..... Signature</p>		<p>12. DECLARATION BY THE EXPORTER</p> <p>I, the undersigned, declare that the goods described above meet the conditions required for the issue of the attached certificate.</p> <p>Place and date</p> <p align="right">..... Signature</p>	

⁽¹⁾ If goods are not packed, indicate number of articles or state in bulk as appropriate.

⁽²⁾ Complete only where the regulations of the exporting country or territory require.

<p>13. REQUEST FOR VERIFICATION, to</p>	<p>14. RESULT OF VERIFICATION,</p>
<p>Verification of the authenticity and accuracy of this certificate is requested.</p> <hr/> <p style="text-align: center;">(Place and date)</p> <p style="text-align: right;">Stamp</p> <hr/> <p style="text-align: center;">(Signature)</p>	<p>Verification carried out shows that this certificate ⁽¹⁾</p> <p><input type="checkbox"/> was issued by the customs office indicated and that the information contained therein is accurate.</p> <p><input type="checkbox"/> does not meet the requirements as to authenticity and accuracy (see remarks appended).</p> <hr/> <p style="text-align: center;">(Place and date)</p> <p style="text-align: right;">Stamp</p> <hr/> <p style="text-align: center;">(Signature)</p> <p>⁽¹⁾ Insert X in the appropriate box.</p>

NOTES

1. Certificates must not contain erasures or words written over one another. Any alterations must be made by deleting the incorrect particulars and adding any necessary corrections. Any such alteration must be initialled by the person who completed the certificate and endorsed by the customs authorities of the issuing country or territory.
2. No spaces must be left between the items entered on the certificate and each item must be preceded by an item number. A horizontal line must be drawn immediately below the last item. Any unused space must be struck through in such a manner as to make any later additions impossible.
3. Goods must be described in accordance with commercial practice and with sufficient detail to enable them to be identified.

APPLICATION FOR A MOVEMENT CERTIFICATE

1. Exporter (Name, full address, country)	EUR. 1 No A 000.000		
3. Consignee (Name, full address, country) (Optional)	See notes overleaf before completing this form		
	2. Application for a certificate to be used in preferential trade between and (insert appropriate countries, groups of countries or territories)		
	4. Country, group of countries or territory in which the products are considered as originating	5. Country, group of countries or territory of destination	
6. Transport details (Optional)	7. Remarks		
8. Item number; Marks and numbers; Number and kind of packages (1); Description of goods	9. Gross weight (kg) or other measure (litres, m ³ , etc.)	10. Invoices (Optional)	

If goods are not packed, indicate number of articles or units in bulk as appropriate.

DECLARATION BY THE EXPORTER

I, the undersigned, exporter of the goods described overleaf,

DECLARE that the goods meet the conditions required for the issue of the attached certificate;

SPECIFY as follows the circumstances which have enabled these goods to meet the above conditions:

.....
.....
.....

SUBMIT the following supporting documents (1):

.....
.....
.....

UNDERTAKE to submit, at the request of the appropriate authorities, any supporting evidence which these authorities may require for the purpose of issuing the attached certificate, and undertake, if required, to agree to any inspection of my accounts and to any check on the processes of manufacture of the above goods, carried out by the said authorities;

REQUEST the issue of the attached certificate for these goods.

.....
(Place and date)

.....
(Signature)

(1) For example: import documents, movement certificates, invoices, manufacturer's declarations, etc., referring to the products used in manufacture or to the goods re-exported in the same state



APPENDIX IV

ANNEX VI

Before completing this form read carefully the instructions on the other side.

FORM EUR. 2 No		1 Form used in preferential trade between (1) and	
2 Exporter (Name, full address, country)		3 Declaration by exporter I, the undersigned, exporter of the goods described below, declare that the goods comply with the requirements for the completion of this form and that the goods have obtained the status of originating products within the provisions governing preferential trade shown in box 1.	
4 Consignee (Name, full address, country)		5 Place and date	
		6 Signature of exporter	
7 Remarks (2)		8 Country of origin (3)	9 Country of destination (4)
			10 Gross weight (kg)
11 Marks; Numbers of consignment; Description of goods		12 Authority in the exporting country (4) responsible for verification of the declaration by the exporter	

- (1) Insert the countries, groups of countries or territories concerned.
- (2) Refer to any verification already carried out by the appropriate authorities.
- (3) The term 'country of origin' means country, group of countries or territory where the goods are considered to be originating.
- (4) The term 'country' means country, group of countries or territory of destination.

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<p>13 Request for verification</p> <p>The verification of the declaration by the exporter on the front of this form is requested (*)</p> <p>..... 19..... (Place and date) Stamp</p> <p>..... (Signature)</p>	<p>14 Result of verification</p> <p>Verification carried out shows that (1)</p> <p><input type="checkbox"/> the statements and particulars given in this form are accurate.</p> <p><input type="checkbox"/> this form does not meet the requirements as to accuracy and authenticity (see remarks appended.)</p> <p>..... 19..... (Place and date) Stamp</p> <p>..... (Signature)</p> <p>(1) Insert X in the appropriate box.</p>
--	--

(*) Subsequent verifications of forms EUR. 2 shall be carried out at random or whenever the customs authorities of the importing State have reasonable doubt as to the accuracy of the information regarding the authenticity of the forms and the true origin of the goods in question.

Instructions for the completion of form EUR. 2

1. A form EUR. 2 may be made out only for goods which in the exporting country fulfil the conditions specified by the provisions governing the trade referred to in box 1. These provisions must be studied carefully before the form is completed.
2. In the case of a consignment by parcel post the exporter attaches the form to the dispatch note. In the case of a consignment by letter post he encloses the form in a package. The reference 'EUR. 2' and the serial number of the form should be stated on the customs green label declaration C1 or on the customs declaration C2/CP3, as appropriate.
3. These instructions do not exempt the exporter from complying with any other formalities required by customs or postal regulations.
4. An exporter who uses this form is obliged to submit to the appropriate authorities any supporting evidence which they may require and to agree to any inspection by them of his accounts and of the processes of manufacture of the goods described in box 11 of this form.

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