COUNCIL DECISION

of 18 December 1997

on the provisional application of certain Additional Protocols to the Free Trade and Europe Agreements with the Republic of Lithuania and the Republic of Latvia

(98/137/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 in conjunction with Article 228(2), first sentence, thereof,

Having regard to the proposal from the Commission,

Whereas the Commission has negotiated on behalf of the Community Additional Protocols in the form of an Exchange of Letters to amend the Free Trade Agreements and the Europe Agreements, with the Republic of Lithuania and the Republic of Latvia with a view to extending and amending certain provisions on trade in textile products contained in these Agreements;

Whereas these Additional Protocols should be applied on a provisional basis from 1 January 1998, pending the completion of procedures required for their conclusion, subject to reciprocal provisional application by the Republic of Lithuania and by the Republic of Latvia,

HAS DECIDED AS FOLLOWS:

Article 1

The Additional Protocols in the form of an Exchange of Letters to amend the Free Trade Agreements and the Europe Agreements with the Republic of Lithuania and the Republic of Latvia with a view to extending and amending certain provisions on trade in textile products contained in these Agreements shall be applied on a provisional basis from 1 January 1998, pending their formal conclusion, subject to reciprocal provisional application by the Republic of Lithuania and by the Republic of Latvia.

The texts of the Additional Protocols are attached to this Decision.

Article 2

This Decision shall be published in the *Official Journal of the European Communities*.

Done at Brussels, 18 December 1997.

For the Council

The President

F. BODEN

ANNEX

ADDITIONAL PROTOCOL

in the form of an Exchange of Letters between the European Community and the Republic of Lithuania to the Free Trade Agreement between the European Communities and the Republic of Lithuania and the Europe Agreement between the Communities and their Member States and the Republic of Lithuania

Letter from the Council of the European Union

Sir,

1. I have the honour to refer to the consultations held on 6 November 1997 between our respective delegations with a view to amending the Agreement on free trade and trade-related matters between the European Community, the European Atomic Energy Community and the European Coal and Steel Community and the Republic of Lithuania, signed on 18 July 1994 and entered into force on 1 January 1995, and the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part, signed on 12 June 1995, in order to, *inter alia,* extend the duration of Protocols 1 of the above-mentioned Agreements concerning trade in textile products until 31 December 2000 and modify the tariff regime for textile products contained in these Agreements.

2. As a result of those consultations it was agreed to amend the Free Trade Agreement and the Europe Agreement as follows:

2.1.1. Article 10(1) of the Free Trade Agreement and Article 16(1) of the Europe Agreement shall be replaced by the following text:

'Customs duties on imports applicable in the Community to textile products originating in Lithuania listed in Chapters 50 to 63 of the combined nomenclature shall be abolished on 1 January 1998.'

2.1.2. Annex VI of the Free Trade Agreement and of the Europe Agreement shall be abolished.

2.2. Article 10(2) of the Free Trade Agreement and Article 16(2) of the Europe Agreement shall be replaced by the following text:

'Customs duties on imports applicable in Lithuania to textile products originating in the Community listed in Chapters 50 to 63 of the combined nomenclature shall be abolished on 1 January 1998.'

2.3. The following paragraph shall be added to Article 10 of the Free Trade Agreement and to Article 16 of the Europe Agreement:

'3. Protocol 1 lays down the other arrangements applicable to the textiles products referred to therein.'

2.4.1. The last sentence of Article 19(1) of Protocol 1 of the Free Trade Agreement and of the Europe Agreement is replaced by the following:

'It shall be applicable until 31 December 2000.'

2.4.2. The operation of Protocol 1 of the Free Trade Agreement and of the Europe Agreement shall be reviewed prior to the accession of Lithuania to the WTO.

2.4.3. Annex II of Protocol 1 of the Free Trade Agreement and of the Europe Agreement is replaced by the following:

'Products without quantitative limits subject to the double-checking system referred to in Article 2(3) of the Agreement.

(The full product descriptions of the categories listed in this Annex are to be found in Annex I to the Agreement)

Category:

2, 4, 5, 6, 7, 8, 12, 13, 20, 28, 39, 117, 118'

2.4.4. Article 2(4) of Protocol A to Protocol 1 is replaced by the following:

'The certificate of origin referred to in paragraph 1 above is not required for the importation of goods covered by a movement certificate EUR1 issued in conformity with Protocol No 3 of the Free Trade Agreement in cases where those documents clearly establish that the Republic of Lithuania is to be considered as the country of origin on the basis of the rules on non-preferential origin in force in the Community.'

2.5. This Protocol shall form an integral part of the Free Trade Agreement and of the Europe Agreement. It shall be drawn up in two copies in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish, Swedish and Lithuanian languages, each of these texts being equally authentic.

3. I should be obliged if you could kindly confirm the acceptance of your Government of the foregoing. Should this be the case, this Additional Protocol to the Free Trade Agreement and to the Europe Agreement in the form of an Exchange of Letters shall enter into force on the first day of the month following the day on which the Parties have notified each other that the legal procedures to this end have been completed. In the meantime, it shall be applied provisionally from 1 January 1998 on the conditions to be specified in an Exchange of Notes (see Appendix 1).

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

For the Council
of the European Union

Appendix 1

EXCHANGE OF NOTES

The Directorate-General for External Relations of the Commission of the European Communities presents its compliments to the Mission of the Republic of Lithuania to the European Union and has the honour to refer to the Agreement on free trade and trade related matters between the European Community, the European Atomic Energy Community and the European Coal and Steel Community and the Republic of Lithuania, signed on 18 July 1994 and entered into force on 1 January 1995, to the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part, signed on 12 June 1995 and to the Additional Protocol to these Agreements in the form of an Exchange of Letters, initialled on 19 November 1997.

The Directorate-General wishes to inform the Mission that whilst awaiting the completion of the necessary procedures for the conclusion and coming into force of the Additional Protocol, the European Community is prepared to allow the provisions of the Additional Protocol to apply *de facto* from 1 January 1998. This is on the understanding that either Party may at any time terminate this *de facto* application of the Additional Protocol provided that one hundred and twenty day's notice is given.

The Directorate-General for External Relations would be grateful if the Mission would confirm the agreement of the Government of the Republic of Lithuania to the foregoing.

The Directorate-General for External Relations of the Commission of the European Communities avails itself of this opportunity to renew to the Mission of the Republic of Lithuania to the European Union the assurance of its highest consideration.

The Mission of the Republic of Lithuania to the European Union presents its compliments to the Directorate-General for External Relations of the Commission of the European Communities and has the honour to refer to the Note of the Directorate-General of (date of *Note Verbale*) regarding the Agreement on free trade and trade related matters between the European Community, the European Atomic Energy Community and the European Coal and Steel Community and the Republic of Lithuania, signed on 18 July 1994 and entered into force on 1 January 1995, to the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part, signed on 12 June 1995 and to the Additional Protocol to these Agreements in the form of an Exchange of Letters, initialled on 19 November 1997.

The Mission of the Republic of Lithuania to the European Union wishes to confirm to the Directorate-General that whilst awaiting the completion of the necessary procedures for the conclusion and coming into force of the Additional Protocol in the form of an Exchange of Letters, the Government of the Republic of Lithuania is prepared to allow the provisions of the Additional Protocol to apply *de facto* from 1 January 1998. This is on the understanding that either Party may at any time terminate this *de facto* application of the Additional Protocol provided that one hundred and twenty day's notice is given.

The Mission of the Republic of Lithuania to the European Union avails itself of this opportunity to renew to the Directorate-General for External Relations of the Commission of the European Communities the assurance of its highest consideration.

Letter from the Government of the Republic of Lithuania

Sir,

I have the honour to acknowledge receipt of your letter of . . . which reads as follows:

'Sir,

1. I have the honour to refer to the consultations held on 6 November 1997 between our respective delegations with a view to amending the Agreement on free trade and trade-related matters between the European Community, the European Atomic Energy Community and the European Coal and Steel Community and the Republic of Lithuania, signed on 18 July 1994 and entered into force on 1 January 1995, and the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part, signed on 12 June 1995, in order to, *inter alia,* extend the duration of Protocols 1 of the above-mentioned Agreements concerning trade in textile products until 31 December 2000 and modify the tariff regime for textile products contained in these Agreements.

2. As a result of those consultations it was agreed to amend the Free Trade Agreement and the Europe Agreement as follows:

2.1.1. Article 10(1) of the Free Trade Agreement and Article 16(1) of the Europe Agreement shall be replaced by the following text:

"Customs duties on imports applicable in the Community to textile products originating in Lithuania listed in Chapters 50 to 63 of the combined nomenclature shall be abolished on 1 January 1998."

2.1.2. Annex VI of the Free Trade Agreement and of the Europe Agreement shall be abolished.

2.2. Article 10(2) of the Free Trade Agreement and Article 16(2) of the Europe Agreement shall be replaced by the following text:

"Customs duties on imports applicable in Lithuania to textile products originating in the Community listed in Chapters 50 to 63 of the combined nomenclature shall be abolished on 1 January 1998."

2.3. The following paragraph shall be added to Article 10 of the Free Trade Agreement and to Article 16 of the Europe Agreement:

"3. Protocol 1 lays down the other arrangements applicable to the textiles products referred to therein."

2.4.1. The last sentence of Article 19(1) of Protocol 1 of the Free Trade Agreement and of the Europe Agreement is replaced by the following:

"It shall be applicable until 31 December 2000."

2.4.2. The operation of Protocol 1 of the Free Trade Agreement and of the Europe Agreement shall be reviewed prior to the accession of Lithuania to the WTO.

2.4.3. Annex II of Protocol 1 of the Free Trade Agreement and of the Europe Agreement is replaced by the following:

"Products without quantitative limits subject to the double-checking system referred to in Article 2(3) of the Agreement.

(The full product descriptions of the categories listed in this Annex are to be found in Annex I to the Agreement)

Category:

2, 4, 5, 6, 7, 8, 12, 13, 20, 28, 39, 117, 118"

2.4.4. Article 2(4) of Protocol A to Protocol 1 is replaced by the following:

"The certificate of origin referred to in paragraph 1 above is not required for the importation of goods covered by a movement certificate EUR1 issued in conformity with Protocol No 3 of the Free Trade Agreement in cases where those documents clearly establish that the Republic of Lithuania is to be considered as the country of origin on the basis of the rules on non-preferential origin in force in the Community."

2.5. This Protocol shall form an integral part of the Free Trade Agreement and of the Europe Agreement. It shall be drawn up in two copies in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish, Swedish and Lithuanian languages, each of these texts being equally authentic.

3. I should be obliged if you could kindly confirm the acceptance of your Government of the foregoing. Should this be the case, this Additional Protocol to the Free Trade Agreement and to the Europe Agreement in the form of an Exchange of Letters shall enter into force on the first day of the month following the day on which the Parties have notified each other that the legal procedures to this end have been completed. In the meantime, it shall be applied provisionally from 1 January 1998 on the conditions to be specified in an Exchange of Notes (see Appendix 1).

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

I have the honour to confirm that my Government is in agreement with the contents of your letter.

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

For the Government
of the Republic of Lithunia

ADDITIONAL PROTOCOL

in the form of an Exchange of Letters between the European Community and the Republic of Latvia to the Free Trade Agreement between the European Communities and the Republic of Latvia and the Europe Agreement between the Communities and their Member States and the Republic of Latvia

Letter from the Council of the European Union

Sir,

1. I have the honour to refer to the consultations held on 12 November 1997 between our respective delegations with a view to amending the Agreement on free trade and trade-related matters between the European Community, the European Atomic Energy Community and the European Coal and Steel Community and the Republic of Latvia, signed on 18 July 1994 and entered into force on 1 January 1995, and the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Latvia, of the other part, signed on 12 June 1995, in order to, *inter alia*, extend the duration of Protocols 1 of the abovementioned Agreements concerning trade in textile products and modify the tariff regime for textile products contained in these Agreements.

2. As a result of those negotiations it was agreed to amend the Free Trade Agreement and the Europe Agreement as follows:

2.1.1. Article 10(1) of the Free Trade Agreement and Article 16(1) of the Europe Agreement shall be replaced by the following text:

'Customs duties on imports applicable in the Community to textile products originating in Latvia listed in Chapters 50 to 63 of the combined nomenclature shall be abolished on 1 January 1998.'

2.1.2. Annex V of the Free Trade Agreement and of the Europe Agreement shall be abolished.

2.2. Article 10(2) of the Free Trade Agreement and Article 16(2) of the Europe Agreement shall be replaced by the following text:

'Customs duties on imports applicable in Latvia to textile products originating in the Community listed in Chapters 50 to 63 of the combined nomenclature shall be abolished on 1 January 1998.'

2.3. The following paragraph shall be added to Article 10 of the Free Trade Agreement and to Article 16 of the Europe Agreement:

'3. Protocol 1 lays down the other arrangements applicable to the textiles products referred to therein.'

2.4.1. The last sentence of Article 19(1) of Protocol 1 of the Free Trade Agreement and of the Europe Agreement is replaced by the following:

'It shall be applicable until 31 December 2000, or until Latvia's accession to the WTO, whichever date is earlier. Should Latvia accede to the WTO before 31 December 2000, consultations will take place prior to Latvia's WTO-accession with a view to agreeing on the maintenance of the double-checking system as specified in Article 2(3) of Protocol 1.'

2.4.2. Annex II of Protocol 1 of the Free Trade Agreement and of the Europe Agreement is replaced by the following:

'Products subject to the double-checking system referred to in Article 2(3) of the Agreement.

(The full product descriptions of the categories listed in this Annex are to be found in Annex I to the Agreement)

Category:

1, 2, 4, 5, 6, 7, 9, 12, 15, 26, 27, 31'

2.4.3. Article 2, paragraph 4 of Protocol A to Protocol 1 is replaced by the following:

'The certificate of origin referred to in paragraph 1 above is not required for the importation of goods covered by a movement certificate EUR1 issued in conformity with Protocol No 3 of the Free Trade Agreement in cases where those documents clearly establish that the Republic of Latvia is to be considered as the country of origin on the basis of the rules on non-preferential origin in force in the Community.'

2.5. This Protocol shall form an integral part of the Free Trade Agreement and of the Europe Agreement. It shall be drawn up in two copies in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish, Swedish and Latvian languages, each of these texts being equally authentic.

3. I should be obliged if you could kindly confirm the acceptance of your Government of the foregoing. Should this be the case, this Additional Protocol to the Free Trade Agreement and to the Europe Agreement in the form of an Exchange of Letters shall enter into force on the first day of the month following the day on which the Parties have notified each other that the legal procedures to this end have been completed. In the meantime, it shall be applied provisionally from 1 January 1998 on the conditions to be specified in an Exchange of Notes (see Appendix 1).

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

For the Council
of the European Union

Appendix 1

EXCHANGE OF NOTES

The Directorate-General for External Relations of the Commission of the European Communities presents its compliments to the Mission of the Republic of Latvia to the European Union and has the honour to refer to the Agreement on free trade and trade related matters between the European Community, the European Atomic Energy Community and the European Coal and Steel Community and the Republic of Latvia, signed on 18 July 1994 and entered into force on 1 January 1995, to the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Latvia, of the other part, signed on 12 June 1995 and to the Additional Protocol to these Agreements in the form of an Exchange of Letters, initialled on 13 November 1997.

The Directorate-General wishes to inform the Mission that whilst awaiting the completion of the necessary procedures for the conclusion and coming into force of the Additional Protocol, the European Community is prepared to allow the provisions of the Additional Protocol to apply *de facto* from 1 January 1998. This is on the understanding that either Party may at any time terminate this *de facto* application of the Additional Protocol provided that one hundred and twenty day's notice is given.

The Directorate-General for External Relations would be grateful if the Mission would confirm the agreement of the Government of the Republic of Latvia to the foregoing.

The Directorate-General for External Relations of the Commission of the European Communities avails itself of this opportunity to renew to the Mission of the Republic of Latvia to the European Union the assurance of its highest consideration.

The Mission of the Republic of Latvia to the European Union presents its compliments to the Directorate-General for External Relations of the Commission of the European Communities and has the honour to refer to the Note of the Directorate-General of (date of *Note Verbale*) regarding the Agreement on free trade and trade related matters between the European Community, the European Atomic Energy Community and the European Coal and Steel Community and the Republic of Latvia, signed on 18 July 1994 and entered into force on 1 January 1995, to the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Latvia, of the other part, signed on 12 June 1995 and to the Additional Protocol to these Agreements in the form of an Exchange of Letters, initialled on 13 November 1997.

The Mission of the Republic of Latvia to the European Union wishes to confirm to the Directorate-General that whilst awaiting the completion of the necessary procedures for the conclusion and coming into force of the Additional Protocol in the form of an Exchange of Letters, the Government of the Republic of Latvia is prepared to allow the provisions of the Additional Protocol to apply *de facto* from 1 January 1998. This is on the understanding that either Party may at any time terminate this *de facto* application of the Additional Protocol provided that one hundred and twenty day's notice is given.

The Mission of the Republic of Latvia to the European Union avails itself of this opportunity to renew to the Directorate-General for External Relations of the Commission of the European Communities the assurance of its highest consideration.

Letter from the Government of the Republic of Latvia

Sir,

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1. I have the honour to refer to the consultations held on 12 November 1997 between our respective delegations with a view to amending the Agreement on free trade and trade-related matters between the European Community, the European Atomic Energy Community and the European Coal and Steel Community and the Republic of Latvia, signed on 18 July 1994 and entered into force on 1 January 1995, and the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Latvia, of the other part, signed on 12 June 1995, in order to, *inter alia,* extend the duration of Protocols 1 of the abovementioned Agreements concerning trade in textile products and modify the tariff regime for textile products contained in these Agreements.

2. As a result of those negotiations it was agreed to amend the Free Trade Agreement and the Europe Agreement as follows:

2.1.1. Article 10(1) of the Free Trade Agreement and Article 16(1) of the Europe Agreement shall be replaced by the following text:

"Customs duties on imports applicable in the Community to textile products originating in Latvia listed in Chapters 50 to 63 of the combined nomenclature shall be abolished on 1 January 1998."

2.1.2. Annex V of the Free Trade Agreement and of the Europe Agreement shall be abolished.

2.2. Article 10(2) of the Free Trade Agreement and Article 16(2) of the Europe Agreement shall be replaced by the following text:

"Customs duties on imports applicable in Latvia to textile products originating in the Community listed in Chapters 50 to 63 of the combined nomenclature shall be abolished on 1 January 1998."

2.3. The following paragraph shall be added to Article 10 of the Free Trade Agreement and to Article 16 of the Europe Agreement:

"3. Protocol 1 lays down the other arrangements applicable to the textiles products referred to therein."

2.4.1. The last sentence of Article 19(1) of Protocol 1 of the Free Trade Agreement and of the Europe Agreement is replaced by the following:

"It shall be applicable until 31 December 2000, or until Latvia's accession to the WTO, whichever date is earlier. Should Latvia accede to the WTO before 31 December 2000, consultations will take place prior to Latvia's WTO-accession with a view to agreeing on the maintenance of the double-checking system as specified in Article 2(3) of Protocol 1."

2.4.2. Annex II of Protocol 1 of the Free Trade Agreement and of the Europe Agreement is replaced by the following:

"Products subject to the double-checking system referred to in Article 2(3) of the Agreement.

(The full product descriptions of the categories listed in this Annex are to be found in Annex I to the Agreement)

Category:

1, 2, 4, 5, 6, 7, 9, 12, 15, 26, 27, 31"

2.4.3. Article 2, paragraph 4 of Protocol A to Protocol 1 is replaced by the following:

"The certificate of origin referred to in paragraph 1 above is not required for the importation of goods covered by a movement certificate EUR1 issued in conformity with Protocol No 3 of the Free Trade Agreement in cases where those documents clearly establish that the Republic of Latvia is to be considered as the country of origin on the basis of the rules on non-preferential origin in force in the Community."

2.5. This Protocol shall form an integral part of the Free Trade Agreement and of the Europe Agreement. It shall be drawn up in two copies in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish, Swedish and Latvian languages, each of these texts being equally authentic.

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I have the honour to confirm that my Government is in agreement with the contents of your letter.

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

For the Government
of the Republic of Latvia