REGULATION (EEC) No 3537/73 OF THE COUNCIL

of 18 December 1973

on the use to be made of inward processing arrangements in trade in agricultural products between Member States of the Community as originally constituted and the new Member States and between the new Member States themselves

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community;

Having regard to the Treaty [1] on the Accession of new Member States to the European Economic Community and the European Atomic Energy Community, signed on 22 January 1972, and in particular Article 62 (1) of the Act annexed thereto;

Having regard to the proposal from the Commission;

Whereas some of the Regulations which establish the common organization of markets contain a provision which prohibits the admission to free circulation within the Community of goods subject to such organization which are manufactured or obtained from products to which Article 9 (2) and Article 10 (1) of the Treaty establishing the European Economic Community do not apply;

Whereas for as long as components intended to ensure the protection of the processing industry referred to in Article 61 of the Act of Accession or customs duties still apply to trade in certain agricultural products between Member States of the Community as originally constituted and the new Member States and between the new Member States themselves, it may be economically justifiable to process or work under inward processing arrangements products of every kind and, subject to the provisions made in virtue of Article 45 of the Act of Accession, to admit the compensating product, which is subject to customs duties or to a protective component, to free circulation; whereas to enable such operations to be carried out, special provisions should be adopted, to be applicable during the period concerned;

Whereas, in the case of certain products, the compensatory amounts referred to in Article 55 of the Act of Accession are corrected by the incidence of customs duties; whereas the economic effects of customs duties are thus cancelled out; whereas these products must be assimilated with those subjected to a single price regulatory system;

Whereeas during the period referred to above compensating products may be manufactured or assembled from products imported from another Member State which fulfil one of the conditions referred to in Article 9 (2) of the Treaty; whereas when these compensating products are liable to compensatory amounts in trade between Member States the result is that price regulation no longer has any effect; whereas it is important therefore in these circumstances to prohibit the admission of such compensating products to free circulation,

HAS ADOPTED THIS REGULATION:

Article 1

For the purposes of this Regulation the Member States of the Community as originally constituted shall be regarded as a single Member State.

Article 2

1. It shall be prohibited, as long as the system of compensatory amounts provided for in Article 55 (1) (a) of the Act of Accession is applied, to export from one Member State to another compensating products covered by one common organization of the market which have been manufactured or assembled from products imported from a Member State or a third country which have not been subjected in the exporting Member State to either:

— compensatory amounts, as provided for in Article 55 of the Act of Accession,

— customs duties where the incidence thereof has a corrective effect on the compensatory amounts referred to in the first indent, in application of the third subparagraph of Article 66 (1) of the Act of Accession, of the first subparagraph of Article 91 (1) of the said Act and Article 99 thereof;

— levies or other amounts or taxes provided for under the common agricultural policy.

2. Where the levy includes a component intended to ensure the protection of the processing industry referred to in Article 61 of the Act of Accession, paragraph 1 shall not apply in respect of such component.

Article 3

The application of Article 21 (2) of Regulation No 120/67/EEC and corresponding provisions in other

[1] OJ No L 73, 27. 3. 1972, p. 5.

Regulations on the common organization of markets shall be suspended for as long as components referred to in Article 61 of the Act of Accession intended to ensure the protection of the processing industry or customs duties remain in force in trade between Member States.

Article 4

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities.*

It shall apply from 1 January 1974.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 18 December 1973.

For the Council

The President

J. CHRISTENSEN