REGULATION (EEC) No 1515/74 OF THE COMMISSION

af 18 June 1974

on the application of inward processing arrangements in trade between the Member States of the Community as originally constituted and the new Member States, and between the new Member States themselves, for such time as customs duties are levied in such trade

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community;

Having regard to the Treaty [1] concerning the accession of new Member States to the European Economic Community and the European Atomic Energy Community, signed at Brussels on 22 January 1972, and in particular Article 45 (2) of the Act [2] annexed thereto;

Whereas trade with third countries under the inward processing procedure is governed by the Council Directive of 4 March 1969 [3] on the harmonization of provisions laid down by law, regulation or administrative action in respect of inward processing, as last amended by the Act of Accession referred to above;

Whereas save as otherwise provided in the Act of Accession, the provisions in force with regard to customs legislation for trade with third countries shall apply, according to Article 46 (1) of that act, under the same conditions to trade within the Community, that is to say between the Community as originally constituted and the new Member States and between new Member States for such time as customs duties are levied in that trade;

Whereas accordingly it is necessary to apply to intra-Community trade the provisions laid down in the Directive referred to above and in the Directives adopted for the implementation thereof, in particular:

— the Commission Directive of 30 September 1969 [4] setting a time limit for the processing of certain agricultural products under the inward processing procedure;

— the Commission Directive of 30 June 1971 [5] on the application of Article 2 (3) (d) and (4) of the Council Directive of 4 March 1969 on the harmonization of provisions laid down by law, regulation or administrative action in respect of inward processing;

— the Commission Directive of 1 February 1972 [6] fixing standard rates of yield for certain inward processing operations;

— the Commission Directive of 9 February 1973 [7] on the implementation of Article 31 of the Council Directive of 4 March 1969 on the harmonization of provisions laid down by law, regulation or administrative action in respect of inward processing;

— the Council Directive of 26 March 1973 [8] on the implementation of Article 18 of the Directive of 4 March 1969 on the harmonization of provisions laid down by law, regulation or administrative action in respect of inward processing;

— the Commission Directive of 26 March 1973 [9] on the implementation of Articles 13 and 14 of the Council Directive of 4 March 1969 on the harmonization of provisions laid down by law, regulation or administrative action in respect of inward processing, as last amended by the Commission Directive of 27 March 1974 [10];

Whereas nevertheless the provisions in force for trade with third countries can only apply to this extension of trade between Member States subject to certain amendments to take account of the fulfilment of the customs union already established in the Community;

Whereas firstly it is necessary to adjust the definition of inward processing to include the customs status of goods which satisfy the conditions of Articles 9 and 10 of the Treaty traded within the enlarged Community;

Whereas it is equally necessary, in the adjustment of the definition, to provide that the relief applies not only to customs duties and charges having equivalent effect, but also to other charges provided for under the common agricultural policy, or under the system of trade defined by Council Regulation No 170/67/EEC [11] of 27 June 1967 on the common system of trade for ovalbumin and lactalbumin, repealing Regulation No 48/67/EEC, as last amended by Regulation (EEC) No 1081/71 [12], and Council Regulation (EEC) No 1059/69 [13] of 28 May 1969 determining the

(1) OJ No L 73, 27. 3. 1972, p. 5.
(2) OJ No L 73, 27. 3. 1972, p. 14.
(3) 69/73/EEC, OJ No L 58, 8. 3. 1969, p. 1.
(4) 69/354/EEC, OJ No L 264, 22. 10. 1969, p. 7.
(5) 71/261/EEC, OJ No L 161, 19. 7. 1971, p. 17.
(6) 72/108/EEC, OJ No L 45, 21. 2. 1972, p. 10.
(7) 73/37/EEC, OJ No L 77, 26. 3. 1973, p. 48.
(8) 73/82/EEC, OJ No L 106, 20. 4. 1973, p. 7.
(9) 73/95/EEC, OJ No L 120, 7. 5. 1973, p. 17.
(10) 74/204/EEC, OJ No L 108, 22. 4. 1974, p. 25.
(11) OJ No 130, 28. 6. 1967, p. 2596/67.
(12) OJ No L 116, 28. 5. 1971, p. 9.
(13) OJ No L 141, 12. 6. 1969, p. 1.

system of trade applicable to certain goods processed from agricultural products, as last amended by Regulation (EEC) No 1491/73 [1], without prejudice to Community provisions which prohibit the use of this procedure, in particular Council Regulations (EEC) No 3537/73 [2] and (EEC) No 3538/73 [3] of 18 December 1973 on the use of the inward processing procedure in trade in agricultural products and goods covered by Regulation (EEC) No 1059/69 between Member States of the Community as originally constituted and the new Member States and between the new Member States themselves;

Whereas it is also necessary in these adjustments to specify that the customs territories of the new Member States comprise those territories shown in Article 1 of Council Regulation (EEC) No 1496/68 [4] of 27 September 1968 on the definition of the customs territory of the Community, as last amended by Regulation (EEC) No 3456/73 [5]; whereas the customs territory of the Community as originally constituted comprises the customs territory of the Community as defined in Article 1 of Regulation (EEC) No 1496/68, excluding the territories of the new Member States;

Whereas subject to the transitional measures provided in the Act of Accession, Member States must grant equal treatment to Community goods, in whichever Member State the goods originate; whereas, consequently, the provisions governing the grant of inward processing procedure in trade with third countries requiring that this system meets the most favourable conditions for the exportation of the processed goods are not justified for trade between Member States; whereas in fact, the inward processing procedure, carried out in such trade shall, in all cases be regarded in the Member State of process as meeting the most favourable conditions for the exportation of the processed goods without conflicting with the essential interests of the producers of that Member State;

Whereas, the rules for terminating the inward processing procedure must be expanded; whereas, documents T3 and documents having the same effect can be used for this purpose under the system referred to in Article 1 of Commission Regulation (EEC) No 385/73 [6] of 19 January 1973 on the methods of administrative cooperation to safeguard, during the transitional period, the free movement of goods in trade between the Community as originally constituted and the new Member States and in trade between the new Member States;

Whereas the rules under which compensating products are entered for home use must be expanded and amended to take into account, in particular the compensatory levy established by Commission Regulation (EEC) No 3335/73 [7] of 10 December 1973 on the movement of goods obtained in the Community under a procedure for the suspension of drawback of customs duties or other import charges as amended by Regulation (EEC) No 225/74 [8],

HAS ADOPTED THIS REGULATION:

Article 1

1. Without prejudice to other Community provisions which may apply, this Regulation lays down provisions for:

(a) inward processing procedure in respect of goods traded within the Community;

(b) inward processing procedure as defined in Article 2 (1) of the Council Directive of 4 March 1969 on the harmonization of provisions laid down by law, regulation or administrative action in respect of inward processing, hereinafter referred to as the 'basic Directive', when compensating or intermediate products are wholly or partly exported to a Member State other than that where the inward processing has taken place.

2. 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. Inward processing procedure for the trade referred to in Article 1 (1) (a) shall mean the customs procedure which allows processing in a Member State of the Community of goods imported from another Member State where they satisfy the conditions of Articles 9 and 10 of the Treaty, without payment of:

(a) customs duties;

(b) import charges having equivalent effect;

(c) other charges provided for under the common agricultural policy or the system of trade as defined in Regulations No 170/67/EEC and (EEC) No 1059/69;

when the imported goods are intended to be exported from the customs territory of the Member State of processing wholly or partly in the form of compensating products.

2. For the purposes of paragraph 1 the customs territory of a Member State shall mean, in the case of:

(a) Denmark: the territory of the Royal Kingdom of Denmark excluding the Faroe Islands;

(b) Ireland: the territory of Ireland;

(c) United Kingdom: the territory of the United Kingdom of Great Britain and Northern Ireland and of the Channel Islands and the Isle of Man;

(d) the 'Community as originally constituted': the customs territory of the Community as defined in Article 1 of Regulation (EEC) No 1496/68

(1) OJ No L 151, 7. 6. 1973, p. 1.
(2) OJ No L 361, 29. 12. 1973, p. 4.
(3) OJ No L 361, 29. 12. 1973, p. 6.
(4) OJ No L 238, 28. 9. 1968, p. 1.
(5) OJ No L 356, 27. 12. 1973, p. 1.
(6) OJ No L 42, 14. 2. 1973, p. 1.
(7) OJ No L 341, 12. 12. 1973, p. 10.
(8) OJ No L 25, 29. 1. 1974, p. 12.

excluding the territories defined in (a), (b) and (c) above.

Article 3

The inward processing procedure as defined in Article 2 (1) shall be deemed in the Member State of processing to provide the most favourable conditions for the exportation of the processed goods without conflicting with the essential interests of the producers of that Member State.

Article 4

1. The provisions laid down by the basic Directive shall apply, subject to the provisions of this regulation, to the inward processing procedure defined in Article 2 (1).

2. The same provisions shall apply to the implementation of the following Directives :

(a) the Commission Directive of 30 September 1969 setting a time limit for the processing of certain agricultural products under the inward processing procedure ;

(b) the Commission Directive of 30 June 1971 on the application of Article 2 (3) (d) and (4) of the basic Directive ;

(c) the Commission Directive of 1 February 1972 fixing standard rates of yield for certain inward processing operations ;

(d) the Commission Directive of 9 February 1973 on the implementation of Article 31 of the basic Directive ;

(e) the Council Directive of 26 March 1973 on the implementation of Article 18 of the basic Directive ;

(f) the Commission Directive of 26 March 1973 on the implementation of Articles 13 and 14 of the basic Directive as from the date when Member States must comply therewith in respect of trade with third countries.

Article 5

For the purposes of applying the provisions of Article 15 of the Directive to inward processing as defined in Article 2 (1) :

(a) 'Community market' means the market of the Member State in which processing takes place ;

(b) 'external markets' means in addition to third country markets, the markets of the other Member States.

Article 6

For the purposes of applying the provisions of Article 22 of the basic Directive to the inward processing procedures referred to in Article 1 (1) temporary exportation for further processing in another Member State shall have a similar effect as temporary exportation for further processing in a third country.

Article 7

The inward processing procedures referred to in Article 1 (1) shall be regarded as completed when, in addition to the circumstances specified in Article 13 of the basic Directive, compensating products under the conditions of Regulation (EEC) No 3335/73 are :

(a) exported to another Member State covered by a document T3 or a document having equivalent effect for the implementation of a system as laid down in Article 1 (1) of Regulation (EEC) No 385/73 ; or

(b) placed in a bonded warehouse, or in a free zone for subsequent exportation to another Member State.

Article 8

The Community system referred to in Article 1 of Regulation (EEC) No 3335/73 shall apply to compensating products, placed under the external Community transit procedure, which are entered for home use in accordance with Article 14 of the basic Directive in a Member State other than that where they were processed, only when the interested person can, within the framework of the regulations adopted to ensure free movement of goods in trade within the Community, prove to the competent authorities of the Member State where the products are entered for home use, that :

(a) the customs duties, import charges having equivalent effect, or agricultural levies calculated in accordance with provisions of Articles 16, 17 and 18 of the basic Directive have been paid in the Member State where the goods were processed ; or

(b) the provisions of Regulation (EEC) No 3335/73 are complied with in the Member State where the goods were processed in respect of the compensating products.

Article 9

The conditions of Article 1 of the Directive referred to in Article 4 (2) (e) shall apply to scrap and waste entered for home use which correspond proportionally to compensating products exported to :

(a) other Member States or third countries under the inward processing procedure referred to in Article 1 (1) (a) ;

(b) third countries under the inward processing procedure referred to in Article 1 (1) (b).

Article 10

The provisions of Article 35 of the basic Directive shall apply to the inward processing procedure defined in Article 2 (1) of this Regulation.

Article 11

This Regulation shall enter into force six weeks after its publication in the *Official Journal of the European Communities*. It shall apply for such time as customs duties are levied in intra-Community trade.

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

Done at Brussels, 18 June 1974.

For the Commission

The President

François-Xavier ORTOLI