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COMMISSION REGULATION (EC) No 20/2002

of 28 December 2001

laying down detailed rules for implementing the specific supply arrangements for the outermost regions introduced by Council Regulations (EC) No 1452/2001, (EC) No 1453/2001 and (EC) No 1454/2001

(OJ L 8, 11.1.2002, p. 1)

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COMMISSION REGULATION (EC) No 20/2002

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laying down detailed rules for implementing the specific supply arrangements for the outermost regions introduced by Council Regulations (EC) No 1452/2001, (EC) No 1453/2001 and (EC) No 1454/2001

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1452/2001 of 28 June 2001 introducing specific measures for certain agricultural products for the French overseas departments, amending Directive 72/462/EEC and repealing Regulations (EEC) No 525/77 and (EEC) No 3763/91 (Poseidom) ([1]), and in particular the second subparagraph of Article 3(5), Articles 3(6), 6(5), 7(2) and 22 and the second paragraph of Article 26 thereof,

Having regard to Council Regulation (EC) No 1453/2001 of 28 June 2001 introducing specific measures for certain agricultural products for the Azores and Madeira and repealing Regulation (EEC) No 1600/92 (Poseima) ([2]), and in particular the second subparagraph of Article 3(5), the first and second subparagraphs of Article 3(6), Articles 4(5), 12(2) and 34 and the second paragraph of Article 38 thereof,

Having regard to Council Regulation (EC) No 1454/2001 of 28 June 2001 introducing specific measures for certain agricultural products for the Canary Islands and repealing Regulation (EEC) No 1601/92 (Poseican) ([3]), and in particular the second subparagraph of Article 3(5), Articles 3(6) and 4(5), the first subparagraph of Article 7(2), Article 20 and the second paragraph of Article 24 thereof,

Whereas:

(1) Commission Regulation (EEC) No 131/92 ([4]), as last amended by Regulation (EC) No 1736/96 ([5]), Commission Regulation (EEC) No 1696/92 ([6]), as last amended by Regulation (EEC) No 2596/93 ([7]), and Commission Regulation (EC) No 2790/94 ([8]), as last amended by Regulation (EC) No 1620/1999 ([9]), laying down common detailed rules for implementing the specific arrangements for the supply of certain agricultural products to the French overseas departments, the Azores and Madeira and the Canary Islands, respectively, have been amended several times. Moreover, in view of the amendments made by Regulations (EC) Nos 1452/2001, 1453/2001 and 1454/2001 and of experience gained, in order to simplify the legislation, the three implementing Regulations should be recast in a single Regulation.

(2) Detailed implementing rules should be laid down for drawing up and amending the forecast supply balances for products eligible under the specific supply arrangements.

(3) Certain agricultural products which are exempt from import duties already require an import licence. In the interests of administrative simplification, the import licence should be used to support the arrangements for exemption from import duties.

(4) A document should also be adopted to support the arrangements for exemption from import duties for other agricultural products

([1]) OJ L 198, 21.7.2001, p. 11.
([2]) OJ L 198, 21.7.2001, p. 26.
([3]) OJ L 198, 21.7.2001, p. 45.
([4]) OJ L 15, 22.1.1992, p. 13.
([5]) OJ L 255, 6.9.1996, p. 3.
([6]) OJ L 179, 1.7.1992, p. 6.
([7]) OJ L 238, 23.9.1993, p. 24.
([8]) OJ L 296, 17.11.1994, p. 23.
([9]) OJ L 192, 24.7.1999, p. 19.

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which do not require an import licence. An exemption certificate, drawn up on the import licence form, should be used for this purpose.

(5) Detailed rules should be laid down for fixing the amount of aid for the supply of products from the Community under the specific supply arrangements. Such rules should take account of the additional costs of supply to the outermost regions due to their remote and insular nature, which constitute a burden that severely handicaps them. In order to maintain the competitiveness of Community products, this aid should take account of the prices applied to exports.

(6) The aid scheme for Community products may be administered using the import licence form, hereinafter called the 'aid certificate', as an administrative support.

(7) Administration of the specific supply arrangements requires detailed rules on the issue of the above document which derogate from the normal rules applicable to import licences under Commission Regulation (EC) No 1291/2000 of 9 June 2000 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products [1].

(8) Administration of the specific supply arrangements has two objectives: firstly, to ensure the rapid issue of licences and certificates, in particular by no longer requiring a security to be lodged beforehand in all cases, and the rapid payment of the aid for supplies of Community products. The second objective is to ensure the control and monitoring of operations and to provide the administrative authorities with the instruments they need to ascertain whether the objectives of the scheme are being attained — these being, in particular, to ensure a regular supply of certain agricultural products and to offset the effects of the geographical situation of outermost regions by ensuring that the benefits of the scheme are actually passed on to the stage at which the products destined for the end users are placed on the market.

(9) One of the above instruments consists of registering traders pursuing an economic activity in the context of the specific supply arrangements. Registered traders are entitled to the benefits of the scheme, provided they meet the obligations laid down in the Community and national rules. Applicants should be entitled to registration provided that they meet a certain number of objective requirements designed to facilitate administration of the scheme.

(10) The detailed rules for administering the scheme must ensure that, for the quantities fixed in the forecast supply balance provided for in Regulations (EC) Nos 1452/2001, 1453/2001 and 1454/2001, registered traders obtain a licence or certificate for the products and quantities involved in the commercial transactions which they carry out on their own account, by presenting documents certifying that the operation is genuine and the application for a licence or certificate is in order.

(11) Monitoring of operations qualifying under the scheme requires, *inter alia*, the period of validity of licences and certificates to be suited to the requirements of air or sea transport, proof to be furnished that the supply operation covered by the licence or certificate has been carried out in a short time-span, and the transfer of the rights and obligations conferred on the holder of the document in question to be prohibited.

(12) The benefits granted in the form of exemption from import duties and aid for Community products must be passed on so that they are reflected in production costs and in the prices paid

[1] OJ L 152, 24.6.2000, p. 1.

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by the end users. Checks are therefore needed to ensure that the benefits are actually passed on.

(13) Regulations (EC) Nos 1452/2001, 1453/2001 and 1454/2001 stipulate that products benefiting from the specific supply arrangements may not be re-exported to third countries or redispatched to the rest of the Community. However, those Regulations provide for a limited number of derogations to that principle, which vary according to the region concerned. Detailed rules should be laid down for checking how such derogations are used. In particular, the quantities of processed products which may be the subject of traditional exports or consignments from the Canary Islands, the Azores and Madeira and of traditional consignments from the French overseas departments should be determined on the basis of the average of exports and consignments during 1989, 1990 and 1991, before the Poseican, Poseima and Poseidom arrangements entered into force, as established by the competent authorities. The conditions for authorising re-exports to third countries of unprocessed products or packaged products resulting from local packaging of such products, as provided for in Regulation (EC) No 1454/2001, should also be laid down. Lastly, conditions should be laid down for authorising exports of products processed locally, as provided for in Regulations (EC) Nos 1452/2001 and 1453/2001, with a view to encouraging regional trade.

(14) The import duty exemption arrangements for C sugar supplies to the Azores and Madeira and to the Canary Islands provided for in Commission Regulation (EEC) No 2177/92 [1] should continue to be applied during the period referred to in Article 10(1) of Council Regulation (EC) No 1260/2001 [2].

(15) In order to protect consumers and the commercial interests of traders, products which are not of sound and fair marketable quality no later than the time when they are first placed on the market should not qualify for the specific supply arrangements and appropriate steps should be taken where this requirement is not met.

(16) In the context of the partnership procedures in force for the outermost regions, the competent authorities should lay down the detailed administrative rules needed to ensure the management and monitoring of the scheme. Moreover, to ensure that the arrangements are properly monitored, rules are needed to specify the checks to be carried out. Administrative penalties to ensure the smooth functioning of the mechanisms implemented should therefore be defined.

(17) In order to be able to assess how the arrangements are being implemented, the competent authorities should be required to make periodic communications to the Commission.

(18) The application of some of the provisions of this Regulation should be delayed to allow the production of data needed to fix the minimum level of the aid and, for the French overseas departments and the Azores and Madeira, to allow the French and Portuguese authorities to comply with the new administrative requirements.

(19) The measures laid down in this Regulation are in accordance with the opinions of all the Management Committees concerned,

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[1] OJ L 217, 31.7.1992, p. 71.
[2] OJ L 178, 30.6.2001, p. 1.

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HAS ADOPTED THIS REGULATION:

CHAPTER I

GENERAL PROVISIONS

Article 1

Purpose

This Regulation lays down the detailed rules for implementing the import duty exemption arrangements and the Community supply arrangements for the French overseas departments, the Azores and Madeira, and the Canary Islands in the context of the forecast supply arrangements provided for in Article 2 of Regulation (EC) No 1452/2001, Article 2 of Regulation (EC) No 1453/2001 and Article 2 of Regulation (EC) No 1454/2001 respectively.

Article 2

Definitions

For the purposes of this Regulation, the following definitions shall apply:

(a) 'outermost regions': the regions referred to in Article 299(2) of the Treaty, each of the French overseas departments being considered as a separate outermost region;

(b) 'competent authorities': the authorities designated by the Member State of which the outermost region concerned is part.

CHAPTER II

FORECAST SUPPLY BALANCES

Article 3

The forecast supply balances shall state the quantities needed to meet the supply requirements of each outermost region every calendar year. They may be amended to take account of the actual state of their implementation and the local production situation.

CHAPTER III

IMPORTS FROM THIRD COUNTRIES

SECTION 1

Imports of products subject to the presentation of an import licence

Article 4

Import licences

1. Products subject to the presentation of an import licence shall be exempt from import duties as provided for in Article 3(1) of Regulation (EC) No 1452/2001, the first subparagraph of Article 3(1) of Regulation (EC) No 1453/2001 and the first subparagraph of Article 3(1) of Regulation (EC) No 1454/2001 subject to presentation of that licence.

2. The competent authorities shall issue import licences at the request of the parties concerned, subject to the limits of the forecast supply balances.

Licences shall be drawn up in accordance with the model set out in Annex I to Regulation (EC) No 1291/2000.

3. Section 20 of import licence applications and import licences shall contain one of the following entries:

(a) in the French overseas departments:

(i) 'products for the processing and/or packaging industry',

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(ii) ‘products intended for use as agricultural inputs’,

(iii) ‘bovine animals for fattening imported under Article 7(1) of Regulation (EC) No 1452/2001’;

(b) in the Azores and Madeira:

(i) ‘products for the processing and/or packaging industry’,

(ii) ‘products for direct consumption’,

(iii) ‘products intended for use as agricultural inputs’,

(iv) ‘bovine animals for fattening, imported under Article 12(1)(a) of Regulation (EC) No 1453/2001’;

(c) in the Canary Islands:

(i) ‘products for the processing and/or packaging industry’,

(ii) ‘products for direct consumption’,

(iii) ‘products intended for use as agricultural inputs’,

(iv) ‘bovine animals for fattening imported under the third subparagraph of Article 7(1) of Regulation (EC) No 1454/2001’.

In all cases, section 20 of import licence applications and import licences shall contain the entries: ‘exemption from import duties’ and ‘licence to be used in [name of the outermost region]’.

4. Section 12 of import licences shall show the last day of validity.

5. Import duties shall be levied on quantities which exceed those stated on the import licence. The tolerance of 5 % provided for in Article 8(4) of Regulation (EC) No 1291/2000 shall be allowed, provided that the import duties relating thereto are paid.

SECTION 2

Imports of products not subject to the presentation of an import licence

Article 5

Exemption certificates

1. Products not subject to presentation of an import licence shall be exempt from import duties as provided for in Article 3(1) of Regulation (EC) No 1452/2001, the first subparagraph of Article 3(1) of Regulation (EC) No 1453/2001 and the first subparagraph of Article 3(1) of Regulation (EC) No 1454/2001 subject to presentation of an exemption certificate.

2. Exemption certificates shall be drawn up on the import licence form set out in Annex I to Regulation (EC) No 1291/2000.

Articles 8(5), 13, 15, 17, 18, 21, 23, 26, 27, 29 to 33 and 36 to 41 of Regulation (EC) No 1291/2000 shall apply, *mutatis mutandis*, subject to this Regulation.

3. The words ‘exemption certificate’ shall be printed or stamped in the upper left-hand section of the certificate.

4. The competent authorities shall issue exemption certificates at the request of the parties concerned, subject to the limits of the forecast supply balances.

5. Section 20 of exemption certificate applications and exemption certificates shall contain one of the following entries:

(a) in the French overseas departments:

(i) ‘products for the processing and/or packaging industry’,

(ii) ‘products intended for use as agricultural inputs’;

(b) in the Azores and Madeira:

(i) ‘products for the processing and/or packaging industry’,

(ii) ‘products for direct consumption’,

(iii) ‘products intended for use as agricultural inputs’;

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(c) in the Canary Islands:

(i) ‘products for the processing and/or packaging industry’,

(ii) ‘products for direct consumption’,

(iii) ‘products intended for use as agricultural inputs’.

In all cases, section 20 of exemption certificate applications and exemption certificates shall contain the entries: ‘exemption from import duties’ and ‘certificate to be used in [name of the outermost region]’.

6. Section 12 of exemption certificates shall show the last day of validity.

CHAPTER IV

COMMUNITY SUPPLY

Article 6

Fixing the aid

For the purposes of fixing the aid to compensate for remoteness, the Commission shall take account of the specific additional transport and intermediate reloading costs involved in supplying goods to the outermost regions concerned.

For the purposes of fixing the aid to compensate for insular nature and outermost location, the Commission shall take account of the specific additional costs involved in local processing due to the small size of the market, the need to guarantee security of supply and the specific quality requirements for goods in the outermost regions concerned.

The Commission shall fix a flat-rate minimum level of aid.

Where the highest level of refund granted by the Commission for exports of similar products is higher than the flat-rate minimum aid referred to above, the aid granted shall not exceed the amount of the said refunds.

No aid shall be granted for the supply of products which have already benefited from the specific supply arrangements in another outermost region.

Article 7

Aid certificates

1. Aid shall be paid on presentation of a fully-utilised aid certificate.

Presenting an aid certificate shall be tantamount to applying for the aid. Except in cases of *force majeure* or climatic aberrations, certificates must be presented within 30 days of the date on which they are charged. Where that time limit is overrun, the aid shall be reduced by 5 % per day of delay.

The aid shall be paid by the competent authorities not later than sixty days after the date on which the utilised aid certificate is lodged, except:

(a) in cases of *force majeure* or climatic aberrations, or

(b) where an administrative enquiry has been opened concerning entitlement to the aid. In such cases, payment shall take place only when entitlement has been recognised.

2. Aid certificates shall be drawn up on the import licence form set out in Annex I to Regulation (EC) No 1291/2000.

Articles 8(5), 13, 15, 17, 18, 21, 23, 26, 27, 29 to 33 and 36 to 41 of Regulation (EC) No 1291/2000 shall apply, *mutatis mutandis*, subject to this Regulation.

3. The words ‘aid certificate’ shall be printed or stamped in the upper left-hand section of the certificate.

Sections 7 and 8 of the certificate shall be struck out.

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4. Section 20 of aid certificate applications and aid certificates shall contain one of the following entries:

(a) in the French overseas departments:

(i) ‘products for the processing and/or packaging industry’,

(ii) ‘products intended for use as agricultural inputs’;

(b) in the Azores and Madeira:

(i) ‘products for the processing and/or packaging industry’,

(ii) ‘products for direct consumption’,

(iii) ‘products intended for use as agricultural inputs’,

(iv) ‘live animals for fattening, introduced under Article 12(1)(b) of Regulation (EC) No 1453/2001’;

(c) in the Canary Islands:

(i) ‘products for the processing and/or packaging industry’,

(ii) ‘products for direct consumption’,

(iii) ‘products intended for use as agricultural inputs’,

(iv) ‘live animals for fattening, introduced under the third subparagraph of Article 7(1) of Regulation (EC) No 1454/2001’.

For the purposes of this paragraph, pure-bred animals, animals of commercial breeds and egg products shall be treated as agricultural inputs.

In all cases, section 20 of aid certificate applications and aid certificates shall contain the entry: ‘certificate to be used in [name of the outermost region]’.

5. Section 12 of aid certificates shall show the last day of validity.

6. The amount of the aid applicable shall be that in force on the day on which the application for the aid certificate is lodged.

7. The competent authorities shall issue aid certificates at the request of the parties concerned, subject to the limits of the forecast supply balances.

CHAPTER V

COMMON PROVISIONS

Article 8

Passing on the benefits to the end user

1. For the purposes of Regulations (EC) Nos 1452/2001, 1453/2001 and 1454/2001, ‘benefit’ shall mean the exemption from customs duty or the Community aid provided for in those Regulations.

2. For the purposes of Regulation (EC) No 1452/2001, ‘end user’ shall mean:

(a) in the case of products for the processing industry and intended for human consumption:

(i) the final processor or packager, for the part of the aid intended to compensate for remoteness, insularity and outermost location,

(ii) the consumer, for the additional part of the aid intended to take account of export prices;

(b) in the case of products intended for use as agricultural inputs, in particular products intended for use as animal feed: the farmer.

3. For the purposes of Regulations (EC) Nos 1453/2001 and 1454/2001, ‘end user’ shall mean:

(a) in the case of products for direct consumption: the consumer.

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(b) in the case of products for the processing and/or packaging industry and intended for human consumption:

(i) the final processor or packager, for the part of the aid intended to compensate for remoteness, insularity and outermost location,

(ii) the consumer, for the additional part of the aid intended to take account of export prices;

(c) in the case of products for the processing and/or packaging industry for use as animal feed and products for use as agricultural inputs: the farmer.

4. The competent authorities shall take all appropriate steps to check that the benefits derived from the exemption from import duties or the grant of Community aid are actually passed on to the end user. In doing so they may assess the trading margins and prices applied by the various traders concerned.

These measures, in particular the control points used to determine whether the benefits of the aid have been passed on, and any amendments made, shall be notified to the Commission.

Article 9

Register of traders

1. Import licences, exemption certificates and aid certificates shall be issued only to traders entered in a register kept by the competent authorities.

2. Any trader established in the Community may apply to be entered in the Register.

Entry in the register shall be subject to the following requirements:

(a) traders must possess the means, structures and legal authorisations required to carry out their activities in the sector concerned and must, in particular, have duly complied with the obligations imposed by the authorities concerning business accounting and taxation;

(b) traders must be able to guarantee that their activities are carried out in the outermost region concerned;

(c) in the context of the specific supply arrangements for the outermost region concerned, and in compliance with the objectives of those arrangements, traders shall undertake:

(i) to communicate to the competent authorities, at their request, all relevant information about their commercial activities, particularly regarding the prices and profit margins they practise,

(ii) to operate exclusively in their own name and on their own account,

(iii) to submit licence and certificate applications commensurate with their real capacity to dispose of the products concerned, such capacity being proven by reference to objective factors,

(iv) to refrain from acting in any way likely to create artificial shortages of products and from marketing the available products at artificially low prices,

(v) to ensure, to the satisfaction of the competent authorities and when the agricultural products are disposed of in the outermost region concerned, that the benefits obtained are passed on to the end user.

3. When applying for registration as referred to in the first subparagraph of paragraph 2, processors intending to export or dispatch processed products obtained from raw materials which entered the outermost region concerned under the relevant specific supply arrangements in accordance with Articles 16, 17 and 19 must declare their intention to engage in this activity and indicate the location of the processing plant.

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4. For the purposes of the second subparagraph of Article 3(5) of Regulation (EC) No 1454/2001, when applying for registration as referred to in the first subparagraph of paragraph 2 of this Article, traders intending to re-export unprocessed products or products resulting from local packaging as provided for in Article 20 of this Regulation must declare their intention to engage in this activity and indicate the location of the packaging plant where applicable.

Article 10

Documents to be presented by traders and validity of licences and certificates

1. Subject to Articles 4(2), 5(4), 7(7), 14 and 15, the competent authorities shall accept licence and certificate applications presented by traders for each consignment, provided that they are accompanied by the original or a certified copy of the purchase invoice and the original or a certified copy of the following documents:

— the bill of lading or airway bill,

— the certificate of origin for products originating in third countries or, for products originating in the Community, the T2L document, or the T2LF document under the terms of Article 315(1) and (2) of Commission Regulation (EEC) No 2454/93 [1].

The purchase invoice, bill of lading or airway bill must be drawn up in the name of the applicant.

2. The period of validity of licences and certificates shall be fixed on the basis of transportation time. This time may be extended by the competent authority in special cases where serious and unforeseeable difficulties affect transportation time, but may not exceed two months from the date on which the licence or certificate was issued.

Article 11

Presentation of licences and certificates and goods and non-transferability of licences and certificates

1. For products covered by the specific supply arrangements, import licences, exemption certificates and aid certificates must be presented to the customs authorities with a view to completing the customs formalities within no more than 15 working days from the date of unloading of the goods. The competent authorities may reduce this maximum time.

In the case of products which have been the subject of inward processing or customs warehousing in the Azores, Madeira and the Canary Islands and subsequently released into free circulation there, the maximum period of 15 days shall start to run on the date the licences or certificates referred to in the first subparagraph are applied for.

2. The goods shall be presented in bulk or in separate lots corresponding to the licence or certificate presented.

The licences and certificates shall be used for a single operation only when completing the customs formalities.

3. Licences and certificates shall not be transferable.

Article 12

Quality of products

Only products of sound and fair marketable quality within the meaning of Article 21(1) of Commission Regulation (EC) No 800/1999 [2] may qualify for the specific supply arrangements.

Conformity of the products with the requirements laid down in the first paragraph shall be examined no later than the stage of first marketing

(1) OJ L 253, 11.10.1993, p. 1.
(2) OJ L 102, 17.4.1999, p. 11.

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in accordance with the standards or practices in force in the Community.

Where a product is considered not to meet the requirement laid down in the first paragraph, its entitlement under the specific supply arrangements shall be withdrawn and the corresponding quantity reattributed to the forecast supply balance. Where aid has been granted in accordance with Article 7, the aid shall be reimbursed. Where imports have been made in accordance with Articles 4 and 5, the import duty shall be paid, unless the party concerned supplies proof that the products have been re-exported or destroyed.

Article 13

Lodging securities

No security shall be required when applying for licences and certificates.

Without prejudice to Article 26, in special cases and to the extent necessary to ensure the proper application of this Regulation, the competent authorities may require a security to be lodged equal to the amount of the benefit granted. In such cases, Article 35(1) and (4) of Regulation (EC) No 1291/2000 shall apply.

Article 14

Significant increases in applications for licences and certificates

1. If the state of execution of a forecast supply balance indicates a significant increase in applications for import licences, exemption certificates or aid certificates for a given product which might jeopardise achievement of one or more of the objectives of the specific supply arrangements, the competent authorities shall immediately inform the Commission thereof, providing all relevant information on the supply needs of the outermost region concerned.

After consulting with the competent authorities, the Commission shall take all the necessary steps to ensure that the outermost region concerned is supplied with essential products, taking account of available supply and the requirements of the priority sectors.

2. Without prejudice to the necessary measures adopted where the issue of licences and certificates is restricted, the competent authorities shall apply a single percentage reduction to all pending applications.

3. Paragraphs 1 and 2 shall apply, after consultation with the competent authorities, without prejudice to special provisions adopted to overcome major difficulties in a given sector.

Article 15

Fixing a maximum quantity per licence or certificate application

Insofar as is strictly necessary to avoid disturbances on the market in the outermost region concerned, or the pursuit of speculative actions likely to be prejudicial to the smooth functioning of the specific supply arrangements, the competent authorities shall fix a maximum quantity per licence or certificate application.

The competent authorities shall notify the Commission immediately of the instances in which this Article is applied.

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CHAPTER VI

SPECIAL PROVISIONS

SECTION 1

French overseas departments

Article 16

Reconsignment and re-export

1. Processors who have declared, under Article 9(3), their intention to export, in the context of regional trade, or dispatch, in the context of traditional trade flows, processed products containing raw materials which have benefited from the specific supply arrangements, may do so within the limits of annual quantities to be determined by the Commission in accordance with Article 23(2) of Regulation (EC) No 1452/2001. The competent authorities shall take the necessary steps to ensure that those operations do not exceed the annual quantities laid down.

Products delivered to the French overseas departments under the specific supply arrangements and used to victual ships and aeroplanes shall be deemed to have been consumed locally.

2. The competent authorities shall authorise the export or dispatch of quantities of processed products other than those referred to in paragraph 1 only where it is attested that the products concerned do not contain raw materials imported or introduced under the specific supply arrangements.

The competent authorities shall carry out the necessary checks to ensure the accuracy of the attestations referred to in the first subparagraph and shall recover, where appropriate, the benefit granted under the specific supply arrangements.

3. Processing operations which, within the limit of the quantities to be determined by the Commission in accordance with Article 23(2) of Regulation (EC) No 1452/2001, may give rise to regional trade exports or traditional consignments must meet the processing conditions laid down in the provisions on the inward processing arrangements and the procedure for processing under customs control specified in Council Regulation (EEC) No 2913/92 [1] and Regulation (EEC) No 2454/93, *mutatis mutandis*, with the exception of all usual forms of handling.

SECTION 2

Azores and Madeira

Article 17

Reconsignment and re-export

1. Processors who have declared, under Article 9(3), their intention to export, in the context of regional trade, or dispatch, in the context of traditional trade flows, processed products containing raw materials which have benefited from the specific supply arrangements, may do so within the limits of annual quantities to be determined by the Commission in accordance with Article 35(2) of Regulation (EC) No 1453/2001. The competent authorities shall take the necessary steps to ensure that those operations do not exceed the annual quantities laid down.

Products delivered to the Azores and to Madeira under the specific supply arrangements and used to victual ships and aeroplanes shall be deemed to have been consumed locally.

2. The competent authorities shall authorise the export or dispatch of quantities of processed products other than those referred to in para-

[1] OJ L 302, 19.10.1992, p. 1.

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graph 1 only where it is attested that the products concerned do not contain raw materials imported or introduced under the specific supply arrangements.

The competent authorities shall carry out the necessary checks to ensure the accuracy of the attestations referred to in the first subparagraph and shall recover, where appropriate, the benefit granted under the specific supply arrangements.

3. Processing operations which, within the limit of the quantities to be determined by the Commission in accordance with Article 35(2) of Regulation (EC) No 1453/2001, may give rise to regional trade exports or traditional consignments must meet the processing conditions laid down in the provisions on the inward processing arrangements and the procedure for processing under customs control specified in Regulation (EEC) No 2913/92 and Regulation (EEC) No 2454/93, *mutatis mutandis*, with the exception of all usual forms of handling.

Article 18

Sugar

During the period referred to in Article 10(1) of Regulation (EC) No 1260/2001, C sugar as referred to in Article 13 of that Regulation, exported in accordance with the relevant provisions of Commission Regulation (EEC) No 2760/81 [1], and introduced for the purposes of consumption in Madeira in the form of white sugar falling within CN code 1701 or into the Azores in the form of raw sugar falling within CN code 1701 12 10, shall benefit, under the terms of this Regulation, from the scheme of exemption from import duties within the limits of the forecast supply balances referred to in Article 3.

SECTION 3

Canary Islands

Article 19

Reconsignment and re-export

1. Processors who have declared, under Article 9(3), their intention to export, in the context of regional trade, or dispatch, in the context of traditional trade flows, processed products containing raw materials which have benefited from the specific supply arrangements, may do so within the limits of the annual quantities set out in the Annex. The competent authorities shall take the necessary steps to ensure that those operations do not exceed the annual quantities laid down.

Products delivered to the Canary Islands under the specific supply arrangements and used to victual ships and aeroplanes shall be deemed to have been consumed locally.

2. The competent authorities shall authorise the export or dispatch of quantities of processed products other than those referred to in paragraph 1 only where it is attested that the products concerned do not contain raw materials imported or introduced under the specific supply arrangements.

The competent authorities shall carry out the necessary checks to ensure the accuracy of the attestations referred to in the first subparagraph and shall recover, where appropriate, the benefit granted under the specific supply arrangements.

3. Processing operations which, within the limit of the quantities set out in the Annex, may give rise to regional trade exports or traditional consignments must meet the processing conditions laid down in the provisions on the inward processing arrangements and the procedure for processing under customs control specified in Regulation (EEC)

[1] OJ L 262, 16.9.1981, p. 14.

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No 2913/92 and Regulation (EEC) No 2454/93, *mutatis mutandis*, with the exception of all usual forms of handling.

Article 20

Re-exporting unprocessed products or products packaged locally

Under the second subparagraph of Article 3(5) of Regulation (EC) No 1454/2001, unprocessed products or packaged products resulting from local packaging of unprocessed products which have benefited from the specific supply arrangements may be re-exported, subject to the following requirements:

(a) the words 'goods exported under Article 3(5) of Regulation (EC) No 1454/2001' must be entered in section 31 of the single administrative document (SAD);

(b) quantities of products which have been exempt from import duties and re-exported shall be re-attributed to the forecast supply balance;

(c) the products covered by this point shall not qualify for export refunds;

(d) quantities of products on which aid has been granted and which are then re-exported shall be re-attributed to the forecast supply balance and the aid granted shall be reimbursed;

(e) the products covered by this point shall not qualify for export refunds;

(f) if there is a risk that regular supplies to the Canary Islands might be jeopardised by a significant increase in re-exports of the products covered by this Article, the competent authorities may restrict quantities in such a way as to ensure that priority needs in the sectors concerned are met.

The Spanish authorities shall inform the Commission forthwith, prior to their implementation, of the measures it plans to take to apply this point and the reasons for these measures. The Commission shall inform the other Member States thereof.

The above paragraphs shall apply without prejudice to special provisions adopted to overcome sensitive difficulties in a given sector.

Article 21

Sugar

During the period referred to in Article 10(1) of Regulation (EC) No 1260/2001, C sugar as referred to in Article 13 of that Regulation, exported in accordance with the relevant provisions of Regulation (EEC) No 2670/81, and introduced for the purposes of consumption in the Canary Islands in the form of white sugar falling within CN code 1701, shall benefit, under the terms of this Regulation, from the scheme of exemption from import duties within the limits of the forecast supply balances referred to in Article 3.

CHAPTER VII

NOTIFICATIONS AND REPORT

Article 22

Notifications

The competent authorities shall notify to the Commission no later than the fifth day of each month the following data relating to the previous months of the reference calendar year, by product and CN code and, where applicable, by individual destination:

(a) the quantities broken down according to whether imported from third countries or dispatched from the Community;

(b) the amount of aid and the expenditure actually paid by product and, where applicable, by individual destination;

▼B

(c) the quantities for which licences and certificates have not been used, broken down by category of licence or certificate;

(d) any quantities exported after processing in the context of the traditional quantities under Regulations (EC) Nos 1453/2001 and 1454/2001;

(e) any quantities dispatched after processing in the context of traditional quantities under Regulations (EC) Nos 1452/2001, 1453/2001 and 1454/2001;

(f) any quantities re-exported unprocessed or locally packaged under Regulation (EC) No 1454/2001;

(g) any quantities exported in the context of regional trade under Regulations (EC) Nos 1452/2001 and 1453/2001;

(h) transfers within an overall quantity for a category of products and amendments to the forecast supply balances during the period;

(i) the available balance and the utilisation rate.

These data shall be supplied on the basis of the licences and certificates used.

Article 23

Reports

No later than 30 June every year, the competent authorities shall send the Commission an annual implementation report as referred to, respectively, in Article 27(1) of Regulation (EC) No 1452/2001, Article 39(1) of Regulation (EC) No 1453/2001 and Article 25(1) of Regulation (EC) No 1454/2001, relating to the previous calendar year.

Reports shall give the following information, in particular:

(a) significant socio-economic and agricultural trends;

(b) a summary of the available physical and financial data on the implementation of each measure, followed by an analysis of the data and, where necessary, a presentation and analysis of the sector to which the measure relates;

(c) the progress of the measures and priorities in relation to the specific and general objectives, using quantified indicators,

(d) a brief account of any major problems encountered in administering and implementing the measures;

(e) an examination of the results of all these measures, taking account of their reciprocal links;

(f) for the specific supply arrangements, the data and analysis of price trends and how the benefit thus granted has been passed on.

Article 24

Reduction of advances

Without prejudice to the general rules on budgetary discipline, where the information transmitted by the Member States to the Commission under Articles 22 and 23 is incomplete or the time limit has not been complied with, the Commission shall reduce advances on entry in the accounts of agricultural expenditure on a temporary and flat-rate basis.

CHAPTER VIII

CHECKS AND PENALTIES

Article 25

Checks

1. The physical checks carried out in the outermost region concerned on the import, entry, export, dispatch, re-export and reconsignment of agricultural products must involve a representative sample amounting to at least 5 % of the licences and certificates presented in accordance with Article 11.

▼B

Physical checks shall be carried out, *mutatis mutandis*, in accordance with the procedures laid down in Council Regulation (EEC) No 386/90 [1].

2. In special cases the Commission may request that checks be carried out on other percentages.

Article 26

Penalties

1. Except in cases of *force majeure* or climatic aberrations, if a trader fails to comply with the undertakings given under Article 9, and without prejudice to any penalties applicable under national law, the competent authorities shall:

— recover the benefit granted from the holder of the import licence, exemption certificate or aid certificate;

— provisionally suspend or revoke registration, depending on the seriousness of the breach of the obligations.

The benefit referred to in point (a) shall be equal to the amount of the exemption from import duties or to the amount of the aid.

2. Except in cases of *force majeure* or climatic aberrations, where holders of a licence or certificate do not carry out the planned importation or introduction, their entitlement to apply for licences and certificates shall be suspended for a period of sixty days following expiry of the licence or certificate. After the suspension period, the issue of subsequent licences or certificates shall be subject to the lodging of a security equal to the amount of the benefit to be granted during a period to be determined by the competent authorities.

3. The competent authorities shall adopt the necessary measures to reuse any quantities of products made available as a result of non-execution, partial execution or cancellation of the licences and certificates issued or recovery of the benefit granted.

CHAPTER IX

NATIONAL PROVISIONS

Article 27

The competent authorities shall adopt the additional rules needed to administer and monitor the specific supply arrangements in real time.

They shall notify the Commission of any measures they intend to implement pursuant to the first paragraph, before their entry into force.

CHAPTER X

TRANSITIONAL AND FINAL PROVISIONS

Article 28

Repeal

1. Regulations (EEC) No 131/92, (EEC) No 1696/92 and (EC) No 2790/94 are hereby repealed.

References to the repealed Regulations shall be construed as references to this Regulation.

2. Articles 1, 2, 2a and 3 of Regulation (EEC) No 131/92 and Articles 1, 2, 3 and 4 of Regulation (EEC) No 1696/92 shall continue to apply until 30 June 2002.

[1] OJ L 42, 16.2.1990, p. 6.

▼B

Article 29

Transitional provisions

1. For thirty days following the entry into force of this Regulation, the competent authorities may, at the request of a trader who has submitted an application for entry in the register under Article 9, issue to the latter a licence or certificate, subject to the conditions in Article 10, provided that the application for such licence or certificate is presented in accordance with Article 10(1).

The issuing of licences or certificates shall be subject to the lodging of a security.

2. Licences and certificates issued under Regulations (EEC) No 131/92, (EEC) No 1696/92 and (EC) No 2790/94 which are not fully used before their expiry date may be replaced, for the remaining quantities, in accordance with paragraph 1 or may be cancelled and the security released.

▼M1

3. Until 30 June 2002 the following provisions shall apply in the Azores and Madeira:

(a) licence applications shall be submitted in the first five working days of each month and the licences shall be issued in the following five working days;

(b) licences shall be valid during the two months following that of issue.

▼B

Article 30

Entry into force

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

It shall apply from 1 January 2002. However,

— the third and fourth paragraphs of Article 6 shall apply from 1 July 2002,

▼M1

— Articles 4, 5, 7 and 9, Article 10(1) and Articles 11, 13, 14, 15, 26 and 27 shall not apply to the French overseas departments, the Azores and Madeira until 1 July 2002.

▼B

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

▼B

ANNEX

Maximum quantities of processed products which can be exported or shipped annually from the Canary Islands in the context of traditional exports and consignments

(Article 9(3) and Article 19)

*(quantity in kilograms (or litres *))*

CN code	to EC	to third country
0402 10	—	54 000
0402 21	64 000	11 000
0402 29	—	33 000
0402 91	3 000	3 000
0402 99	1 000	1 000
0403 10	—	7 000
0403 90	1 000	1 000
0405	6 000	12 000
0406 10	17 000	119 000
0406 30	2 000	5 000
0406 40	2 000	1 000
0406 90	25 000	14 000
0710 21	—	1 000
0710 22	1 000	1 000
0710 30	2 000	1 000
0710 40	1 000	1 000
0710 80	4 000	16 000
0710 90	—	1 000
0711 20	—	1 000
0711 40	—	1 000
0811 90	1 000	1 000
0812 90	3 000	1 000
0813 50	1 000	1 000
1101 00	105 000	1 000
1102 20	13 000	6 000
1102 90	1 000	1 000
1104 19	4 000	1 000
1105 00	—	1 000
1507 90	—	300 000
1514 90 90	—	3 000 000
1601 00	10 000	44 000
1602 41	13 000	1 000
1602 49	16 000	39 000
1602 50	—	50 000
1604 13	2 712 000	2 027 000
1604 14	552 000	18 000
1702 90	675 000	6 000
1704 10	19 000	20 000
1704 90	648 000	293 000
1804 00	—	1 000
1805 00	1 000	45 000
1806 10	4 000	58 000

▼B

*(quantity in kilograms (or litres *))*

CN code	to EC	to third country
1806 20	1 000	25 000
1806 31	1 000	4 000
1806 90	30 000	38 000
1901 20	1 140 000	—
1901 90	2 521 000	45 000
1902 11	1 000	2 000
1902 19	1 000	47 000
1902 20	—	1 000
1902 30	1 000	37 000
1903 00	—	1 000
1904 10	3 000	2 000
1904 90	—	1 000
1905 20	—	1 000
1905 30	45 000	132 000
1905 40	1 000	3 000
1905 90	15 000	43 000
2004 10	22 000	1 000
2004 90	4 000	72 000
2005 10	1 000	63 000
2205 20	57 000	1 000
2005 40	2 000	19 000
2005 59	2 000	—
2005 60	34 000	1 000
2005 70	9 000	3 000
2005 80	1 000	5 000
2005 90	20 000	27 000
2006 00	5 000	27 000
2007 10	3 000	2 000
2007 91	3 000	8 000
2007 99	463 000	7 000
2008 19	1 000	1 000
2008 20	18 000	38 000
2008 30	10 000	1 000
2008 50	2 000	1 000
2008 60	1 000	1 000
2008 70	5 000	1 000
2008 92	104 000	12 000
2008 99	224 000	1 000
2009 19	18 000	24 000
2009 30	—	10 000
2009 40	9 000	7 000
2009 60	—	1 071 000
2009 70	2 000	3 000
2009 80	11 000	18 000
2009 90	16 000	12 000
2101 10	5 000	3 000
2101 20	1 000	1 000

▼B

*(quantity in kilograms (or litres *))*

CN code	to EC	to third country
2101 30	1 000	—
2102 10	1 000	28 000
2102 20	—	2 000
2102 30	—	3 000
2103 10	—	2 000
2103 20	22 000	35 000
2103 30	1 000	3 000
2103 90	30 000	61 000
2104 10	22 000	193 000
2104 20	1 000	595 000
2105 00	167 000	505 000
2106 10	3 000	28 000
2106 90	8 000	13 000
2202 10	* 5 000 000	* 203 000
2202 90	* 3 000 000	* 799 000
2203 00	* 70 000	* 157 000
2205 10	* 47 000	* 1 000
2205 90	* 17 187 000	* 3 295 000
2208 40	* 47 000	* 43 000
2208 50	* 9 000	* 7 000
2208 90	* 190 000	* 17 000
2209 00	—	* 18 000
2301 20	20 610 000	18 654 000
2309 90	20 000	1 525 000
3002 10	8 000	1 000
3002 20	1 000	1 000
3002 90	1 000	1 000
3004 20	1 000	3 000
3004 50	1 000	—
3004 90	51 000	18 000
3005 10	1 000	2 000
3005 90	2 000	1 000
3203 00	1 000	1 000
3307 49	1 000	14 000
3307 90	7 000	6 000
3401 19	2 000	9 000
3402 13	5 000	—
3402 20	135 000	69 000
3402 90	40 000	62 000
3403 19	7 000	1 000
3405 30	1 000	1 000
3405 40	2 000	6 000
3901 10	195 000	32 000
3901 20	80 000	76 000
3904 21	49 000	180 000
3909 50	2 000	47 000
3912 90	7 000	1 000

▼B

*(quantity in kilograms (or litres *))*

CN code	to EC	to third country
3917 21	195 000	11 000
3917 23	20 000	10 000
3917 32	65 000	68 000
3917 39	33 000	2 000
3917 40	270 000	65 000
3919 10	860 000	30 000
3920 10	2 100 000	2 000
3920 20	310 000	8 000
3920 99	340 000	—
3921 90	20 000	70 000
3923 10	49 000	59 000
3923 21	727 000	356 000
3923 29	23 000	72 000
3923 30	180 000	35 000
3923 40	18 000	25 000
3923 90	1 000	13 000
3924 10	6 000	5 000
3924 90	10 000	4 000
3926 90	132 000	198 000
4823 11	1 000	3 000
4823 51	9 000	15 000
4823 59	6 000	3 000