

No. 30787

**SWEDEN
and
LITHUANIA**

Free Trade Agreement (with annexes, protocol, memorandum of understanding and exchange of letters). Signed at Stockholm on 17 March 1992

Authentic text: English.

Registered by Sweden on 3 March 1994.

**SUÈDE
et
LITUANIE**

Accord de libre-échange (avec annexes, protocole, mémorandum d'entente et échange de lettres). Signé à Stockholm le 17 mars 1992

Texte authentique : anglais.

Enregistré par la Suède le 3 mars 1994.

FREE TRADE AGREEMENT¹ BETWEEN THE KINGDOM OF SWEDEN AND THE REPUBLIC OF LITHUANIA

Preamble

The Kingdom of Sweden and the Republic of Lithuania,

Recalling the importance of the traditional links between Sweden and Lithuania and the common values they share, and recognizing their wish to strengthen these links and to establish close and lasting relations,

Desiring to create favourable conditions for the development and diversification of trade between them and for the promotion of commercial and economic co-operation in areas of common interest on the basis of equality, mutual benefit and international law,

Having regard to the Declaration signed by the EFTA States and Lithuania on 10 December, 1991,

Having regard to the Trade Agreement between Sweden and Lithuania signed on 29 October, 1991,² in particular to the provision contained therein that the Parties shall accord most-favoured-nation treatment to each other, and to the objective expressed in that Agreement to establish free trade between the two countries,

Reaffirming their commitment to pluralistic democracy based on the rule of law, human rights, and fundamental freedoms, and sharing the principles of the Final Act of the Helsinki Conference on Security and Co-operation in Europe,³ the Concluding Documents of the Madrid⁴ and Vienna meetings,⁵ the Document of the Bonn Conference⁶ on Economic Co-operation in Europe, and the Charter of Paris for a New Europe,⁷

Bearing in mind the economic and social situation in Lithuania,

Having regard to the emerging process of economic liberalization taking place in Lithuania aimed at the establishment of a market economy, thus facilitating the integration of Lithuania into the European and world economy,

Resolved to develop further their relations in the field of trade in accordance with the principles of the General Agreement on Tariffs and Trade,⁸

Considering that no provision of this Agreement may be interpreted as exempting the Parties from their obligations under other international agreements,

Have agreed as follows:

Article 1

Objectives

The objectives of this Agreement are:

- (a) to promote, through the establishment of free trade according to the provisions of this Agreement, the harmonious development of economic relations between Sweden and Lithuania, and thus to foster the expansion of reciprocal trade, the advance of economic activity, the improvement of living and employment conditions, increased productivity, and financial stability;
- (b) to promote fair conditions of competition in the mutual trade between Sweden and Lithuania;

¹ Came into force on 1 August 1992, i.e., the first day of the month following the date on which the Parties had notified each other (on 16 and 17 July 1992) of the completion of their constitutional requirements, in accordance with article 24.

² United Nations, *Treaty Series*, vol. 1775, No. I-30936.

³ *International Legal Materials*, vol. XIV (1975), p. 1292 (American Society of International Law).

⁴ *Ibid.*, vol. XXII (1983), p. 1395 (American Society of International Law).

⁵ *Ibid.*, vol. XXVIII (1989), p. 527 (American Society of International Law).

⁶ *Ibid.*, vol. XXIX, No. 4 (1990), p. 1054 (American Society of International Law).

⁷ Nations Unies, *Official Records of the General Assembly, Forty-fifth Session*, document A/45/859, p. 3.

⁸ Nations Unies, *Treaty Series*, vol. 55, p. 187.

- (c) to contribute, in this way, to European economic integration and the harmonious development and expansion of world trade.

Article 2

Scope of the Agreement

1. This Agreement shall apply to products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System,¹ which originate in Sweden or in Lithuania.

2. For products falling within Chapters 1 to 24 of the Harmonized Commodity and Description System, other terms shall be applied as specified by a separate arrangement attached to this Agreement as Protocol B.²

Article 3

Rules of Origin

1. Protocol A lays down the rules of origin and related methods of administrative co-operation.

2. The Parties shall take appropriate measures, including arrangements for administrative co-operation, to ensure that the provisions of Articles 4 (Prohibition and Abolition of Customs Duties and Charges Having Equivalent Effect), 5 (Prohibition and Abolition of Quantitative Restrictions and Measures Having Equivalent Effect), 8 (Internal Taxation), and 17 (Re-export and Serious Shortage), and Protocol A are effectively and harmoniously applied, and to reduce, as far as possible, the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising out of the operation of those provisions.

Article 4

Prohibition and Abolition of Customs Duties and Charges Having Equivalent Effect

1. No new customs duty on imports and exports or charges having equivalent effect shall be introduced in trade between Sweden and Lithuania.

2. Customs duties on imports and exports and charges having equivalent effect shall be abolished upon the entry into force of this Agreement.

3. The provisions of this Article shall also apply to customs duties of a fiscal nature.

Article 5

Prohibition and Abolition of Quantitative Restrictions and Measures Having Equivalent Effect

1. No new quantitative restrictions on imports and exports or measures having equivalent effect shall be introduced in trade between Sweden and Lithuania.

2. Quantitative restrictions on imports and exports and measures having equivalent effect shall be abolished upon the entry into force of this Agreement except as provided for in Annex I.

Article 6

General Exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports, or goods in transit, justified on grounds of public morality, public policy, or public security; protection of the health and life of humans, animals, or plants; protection of the environ-

¹ See "International Convention on the Harmonized Commodity Description and Coding System", United Nations, *Treaty Series*, vol. 1503, p. 3.

² See "Agreement regarding trade in agricultural and fish products between the Kingdom of Sweden and the Republic of Lithuania", p. 299 of this volume.

ment; protection of national treasures possessing artistic, historic, or archaeological value; protection of intellectual property; or rules relating to gold or silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 7

Trade in Agricultural Products

1. The Parties declare their readiness to foster, in so far as their agricultural policies allow, the harmonious development of trade in agricultural products.

2. The Parties shall apply their regulations in veterinary, plant health and health matters in a non-discriminatory fashion, and shall not introduce any new measures that unduly obstruct trade.

Article 8

Internal Taxation

1. The Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between products originating in one Party and like products originating in the other Party.

2. Products exported to the territory of one of the Parties may not benefit from repayment of internal taxation in excess of the amount of direct or indirect taxation imposed on them.

Article 9

Payments

1. Payments relating to trade in goods and the transfer of such payments to the territory of the Party where the creditor resides shall be free from any restrictions. Payments between the Parties shall be effected in freely convertible currencies, unless otherwise agreed by individual companies in individual cases.

2. The Parties shall refrain from any currency exchange restrictions or administrative restrictions on the grant, repayment, or acceptance of short and medium-term credits covering commercial transactions in which a resident participates.

Article 10

State Aid, and Rules of Competition and Public Procurement

1. The Parties shall not maintain or introduce export aid as listed in Annex II.

2. The Parties shall make best endeavours to ensure fair competition in their mutual trade. Rules between the parties concerning competition between enterprises, other state aid than export aid, and public procurement shall be elaborated and put into effect not later than 31 December, 1995.

3. If a Party to this Agreement considers that a given practice is incompatible with paragraph 1, it may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 19 (Procedure for the Application of Safeguard Measures).

Article 11

Protection of Intellectual Property

1. The Parties to this Agreement shall cooperate with the aim of gradually improving the non-discriminatory protection of intellectual property rights, including measures for the grant and enforcement of such rights. Rules between the Parties concerning the protection of intellectual property rights shall be elaborated and put into effect not later than 31 December, 1995. These rules shall ensure a level of protection similar to that prevailing in the member states of the European Communities and in the member states of the European Free Trade Association.

2. With respect to paragraph 1 of this Article, intellectual property rights shall include, in particular, protection of copyright,

comprising computer programmes, databases, and neighbouring rights; trademarks; geographical indications; industrial designs; patents; topographies of integrated circuits; as well as undisclosed information on know-how.

Article 12

Promotion of Trade and Economic Co-operation

The Parties shall promote trade and economic co-operation between them, including fostering a favourable climate for investments, joint ventures, and sub-contracting, and facilitating trade promotion activities.

Article 13

Evolutionary Clause

The Parties undertake to examine, in the light of any relevant factor, the possibility of further developing and deepening the co-operation under this Agreement and to extend it to areas not covered therein.

Article 14

Dumping

If a Party finds that dumping is taking place in trade relations governed by this Agreement, it may take the appropriate measures against that practice in accordance with Article VI of the General Agreement on Tariffs and Trade and agreements related to that Article, under the conditions and in accordance with the procedure laid down in Article 19 (Procedure for the Application of Safeguard Measures).

Article 15

Emergency Action on Imports of Particular Products

If an increase in imports of a given product originating in Sweden or Lithuania occurs in

quantities or under conditions which cause, or are likely to cause:

- (a) serious injury to domestic producers of like or directly competitive products in the territory of the other Party, or
- (b) serious disturbances in any related sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region,

the Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 19 (Procedure for the Application of Safeguard Measures).

Article 16

Structural Adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 4 may be taken by Lithuania in the form of customs duties.

2. These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.

3. Customs duties on imports applicable in Lithuania to products originating in Sweden, introduced by these measures, may not exceed 25 percent ad valorem. Such customs duties shall maintain an element of preference for products originating in Sweden, and they may not exceed customs duties levied on the imports to Lithuania of similar goods from any other country. The total value of imports of the products which are subject to these measures may not exceed 15 percent of total imports of industrial products from Sweden, as defined in Article 2, during the last year for which statistics are available.

4. These measures shall be applied for a period not exceeding five years unless a longer duration is authorized by the Joint Committee, and cannot be introduced later than five years after the entry into force of this Agreement.

5. Lithuania shall inform the Joint Committee of any exceptional measures it intends to take and, at the request of Sweden, consulta-

tions shall be held in the Joint Committee on such measures and the sectors to which they apply before the measures are introduced. When taking such measures Lithuania shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. The schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction at equal annual rates. The Joint Committee may decide on a different schedule.

Article 17

Re-export and Serious Shortage

Where compliance with the provisions of Articles 4 and 5 leads to:

- (a) re-export towards a third country against which the exporting Party maintains, for the product concerned, quantitative export restrictions, export duties, or measures or charges having equivalent effect; or
- (b) a serious shortage, or threat thereof, of a product essential to the exporting Party; and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Party, that Party may take the appropriate measures under the conditions and in accordance with the procedures laid down in Article 19 (Procedure for the Application of Safeguard Measures).

Article 18

Balance of Payments Difficulties

1. Notwithstanding the provisions of Articles 4 and 5, a Party may, consistently with its other international obligations, introduce restrictive measures on trade if it is in serious balance of payments difficulties or under imminent threat thereof. Such measures shall be of a temporary nature.

2. Measures taken in accordance with paragraph 1 of this Article shall be notified to the Joint Committee, if possible prior to their introduction. The Joint Committee shall, upon the request of the other Party, examine the need for maintaining the measures taken.

Article 19

Procedure for the Application of Safeguard Measures

1. Before initiating the procedure for the application of safeguard measures set out in this Article, the Parties shall endeavour to solve any differences between them through direct consultations.

2. Without prejudice to paragraph 5 of this Article, a Party which considers resorting to safeguard measures shall promptly notify the Joint Committee thereof and supply all relevant information. Consultations shall take place without delay in the Joint Committee with a view to finding a mutually acceptable solution.

- (a) As regards Article 10 (State Aid, and Rules of Competition and Public Procurement), the Party concerned shall give to the Joint Committee all the assistance required for the examination of the case and shall, where appropriate, eliminate the practice objected to. If the Party in question fails to put an end to the practice objected to within the period fixed by the Joint Committee or if the Joint Committee fails to reach an agreement within three months of the matter being referred to it, the Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.
- (b) As regards Articles 14 (Dumping), 15 (Emergency Action on Imports of Particular Products), and 17 (Re-export and Serious Shortage), the Joint Committee shall examine the situation and may take any decision needed to put an end to the difficulties notified by the Party concerned. In the absence of such decision within thirty days of the matter being referred to the Joint Committee, the Party concerned may adopt the measures necessary in order to remedy the situation.
- (c) As regards Article 22 (Fulfillment of Obligations), the Party concerned may take appropriate measures after the consultations have been concluded or a period of three months has elapsed from the date of notification. 3. The safeguard measures taken shall be notified immediately to the Joint Committee.

They shall be restricted with regard to their extent and to their duration to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be in excess of the injury caused by the practice or the difficulty in question. Priority shall be given to such measures as will least disturb the functioning of the Agreement.

4. The safeguard measures taken shall be the object of regular consultations within the Joint Committee with a view to their relaxation, substitution, or abolition as soon as possible.

5. Where exceptional circumstances requiring immediate action make prior examination impossible, the Party concerned may, in the cases of Articles 10 (State Aid, and Rules of Competition and Public Procurement), 14 (Dumping), 15 (Emergency Action on Imports of Particular Products), and 17 (Re-export and Serious Shortage), apply forthwith the precautionary measures strictly necessary to remedy the situation. The measures shall be notified without delay, and consultations between the Parties shall take place as soon as possible within the Joint Committee.

Article 20

Security Exceptions

Nothing in this Agreement shall prevent a Party from taking any measures which it considers necessary:

- (a) to prevent the disclosure of information contrary to its essential security interests;
- (b) for the protection of its essential security interests or for the implementation of international obligations or national policies
 - (i) relating to the traffic in arms, ammunition, and implements of war, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes, and to such traffic in other goods, materials, and services as is carried on directly or

indirectly for the purpose of supplying a military establishment; or

- (ii) relating to the non-proliferation of biological and chemical weapons, nuclear weapons, or other nuclear explosive devices; or
- (iii) taken in time of war or other serious international tension.

Article 21

The Joint Committee

1. The implementation of this Agreement shall be supervised and administered by a Joint Committee.

2. The Joint Committee shall consist of representatives of Sweden on the one hand, and of representatives of Lithuania, on the other. It shall act by mutual agreement and shall meet whenever necessary but at least once a year. Each Party may request that a meeting be held.

3. The Committee may decide to amend the Annexes I and II and the Protocol A to this Agreement.

4. The Joint Committee may decide to set up such subcommittees and working parties as it considers necessary to assist it in accomplishing its tasks.

Article 22

Fulfillment of Obligations

1. The Parties to this Agreement shall take all necessary measures to ensure the achievement of the objectives of the Agreement and the fulfillment of their obligations under the Agreement.

2. If either Party considers that the other Party has failed to fulfil an obligation under this Agreement, the Party concerned may take the appropriate measures under the conditions and in accordance with the procedures laid down in Article 19 (Procedure for the Application of Safeguard Measures).

Article 23

Annexes and Protocols

The Annexes I and II and the Protocol A to this Agreement are an integral part of it. A Memorandum of Understanding is attached to the Agreement.

Article 24

Entry into Force

This Agreement shall enter into force on the first day of the month following the day on which the Parties have notified each other through diplomatic channels that their consti-

tutional requirements for the entry into force of this Agreement have been fulfilled, and shall remain in force indefinitely.

Article 25

Denunciation

Either Party may denounce this Agreement by means of a written notification to the other Party. The Agreement shall cease to be in force six months after the date on which the notification was received by the other Party.

Done at Stockholm on 17 March, 1992 in two originals in the English language.

For the Government
of the Kingdom of Sweden:

CARL BILDT

For the Government
of the Republic of Lithuania:

GEDIMINAS VAGNORIUS

Annex I

referred to in sub-paragraph 2 of Article 5

Products to which the abolition of export restrictions does not apply

Annex II

referred to in Article 10

Export aid prohibited by this Agreement

PROTOCOL A CONCERNING THE DEFINITION OF THE CONCEPT OF
“ORIGINATION PRODUCTS” AND METHODS OF ADMINISTRATIVE
COOPERATION

Title I

Definition of the concept of “originating products”

Article 1

1. For the purpose of implementing the Agreement, and without prejudice to the provisions of Article 2, the following products shall be considered as products originating in Lithuania or in Sweden.

- (a) products wholly obtained in Lithuania or in Sweden within the meaning of Article 4;
- (b) products obtained in Lithuania or in Sweden incorporating materials which have not been wholly obtained there, provided that:
 - (i) such materials have undergone sufficient working or processing in Lithuania or in Sweden within the meaning of Article 5, or that
 - (ii) such materials originate in the other Party to this Agreement, within the meaning of this Protocol, or that
 - (iii) such materials originate in Estonia or in Latvia in application of the origin rules in the Agreements establishing Free Trade Areas between Sweden on the one side and Estonia or Latvia on the other, in so far as the said rules are identical to those of this Protocol.

2. For products obtained in Lithuania the provisions of paragraph 1 (b) (iii) may be applied only on condition that the necessary administrative co-operation between Lithuania, Estonia and Latvia for the implementation of these provisions has been established in accordance with the provisions of this Protocol.

Article 2

1. Notwithstanding the provisions of sub-paragraphs (b) (ii) and (iii) of paragraph 1 of Article 1, products originating within the meaning of this Protocol in Lithuania or in Sweden or in Estonia or Latvia in application of the origin rules referred to in sub-paragraph (b) (iii) of paragraph 1 of Article 1, and exported from one State Party to this Agreement to the other in the same state or having undergone in the exporting State no working or processing going beyond that referred to in paragraph 5 of Article 5, retain their origin.

2. For the purpose of implementing paragraph 1, where products originating in Lithuania and in Sweden or in one or both of these States and Estonia and/or Latvia are used and those products have undergone no working or processing in the exporting State going beyond that referred to in paragraph 5 of Article 5, the origin is determined by the product with the highest customs value or, if this is not known and cannot be ascertained, with the highest first ascertainable price paid for the products in that State.

Article 3

(This protocol does not contain an Article 3)

Article 4

The following shall be considered as wholly obtained in Lithuania or in Sweden within the meaning of sub-paragraph (a) of paragraph 1 of Article 1:

- (a) mineral products extracted from its soil or from its seabed;
- (b) vegetable products harvested there;
- (c) live animals born and raised there;
- (d) products from live animals raised there;
- (e) products obtained by hunting or fishing conducted there;
- (f) products of sea fishing and other products taken from the sea by its vessels;
- (g) products made aboard its factory ships exclusively from products referred to in subparagraph (f);
- (h) used articles collected there fit only for the recovery of raw materials, subject to Note 5a on used tyres contained in Annex I to this Protocol;
- (i) waste and scrap resulting from manufacturing operations conducted there;
- (j) goods produced there exclusively from products specified in subparagraphs (a) to (i).

Article 5

1. The expressions “Chapters” and “headings” used in this Protocol shall mean the Chapters and the headings (four digit codes) used in the Nomenclature which makes up the “Harmonized Commodity Description and Coding System” (hereinafter referred to as the Harmonized System or HS). The expression “classified” shall refer to the classification of a product or material under a particular heading.

2. For the purposes of Article 1, non-originating materials are considered to be sufficiently worked or processed when the products obtained is classified within a heading which is different from those in which all the non-originating materials used in its manufacture are classified, subject to the provisions of paragraphs 3, 4 and 5.
3. For a product mentioned in columns 1 and 2 of the List in Annex II to this Protocol, the conditions set out in column 3 for the product concerned must be fulfilled instead of the rule in paragraph 2.
4. For the products of Chapters 84 to 91 inclusive, as an alternative to satisfying the conditions set out in column 3, the exporter may opt to apply the conditions set out in column 4 instead.
5. For the purpose of implementing sub-paragraph (b) (i) of paragraph 1 of Article 1 the following shall still be considered as insufficient working or processing to confer the status of originating product, whether or not there is a change of heading:
 - (a) operations to ensure the preservation of merchandise in good condition during transport and storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal damaged parts, and like operations);
 - (b) simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting up;
 - (c)
 - (i) changes of packing and breaking up and assembly of consignments;
 - (ii) simple placing in bottles, flasks, bags, cases, boxes, fixing on cards or boards, etc., and all other simple packing operations;
 - (d) affixing marks, labels or other like distinguishing signs on products or their packaging;
 - (e) simple mixing of products, whether or not of different kinds, where one or more components of the mixtures do not meet the conditions laid down in this Protocol to enable them to be considered as originating products;
 - (f) simple assembly of parts of articles to constitute a complete article;
 - (g) a combination of two or more operations specified in subparagraphs (a) to (f);
 - (h) slaughter of animals.

Article 6

1. The term “value” in the List in Annex II shall mean the customs value at the time of the import of the non-originating materials used or, if this is not

known and cannot be ascertained, the first ascertainable price paid for the materials in the territory concerned.

Where the value of the originating materials used needs to be established, this paragraph shall be applied *mutatis mutandis*.

2. The term “ex-works price” in the List in Annex II shall mean the ex-works price of the product obtained minus any internal taxes which are, or may be, repaid when the product obtained is exported.

Article 7

Goods originating in the sense of this Protocol and constituting a single shipment which is not split up may be transported through territory other than that of Lithuania, Sweden, Estonia or Latvia with, should the occasion arise, transshipment or temporary warehousing in such territory, provided that the crossing of latter territory is justified for geographical reasons, that the goods have remained under the surveillance of the customs authorities in the country of transit or of warehousing, that they have not entered into the commerce of such countries or been delivered for home use there and have not undergone operations other than unloading, reloading or any operation designed to preserve them in good condition.

Title II

Methods for administrative cooperation

Article 8

1. Originating products within the meaning of this Protocol shall, on importation into Lithuania or Sweden, benefit from the Agreement upon submission of one of the following documents:

- (a) an EUR.1 movement certificate, hereinafter referred to as an “EUR.1 certificate” or an EUR.1 certificate, valid for a long term, and invoices referring to such certificate made out in accordance with Article 13. A specimen of the EUR.1 certificate is given in Annex III to this Protocol;
- (b) an invoice bearing the exporter’s declaration as given in Annex IV to this Protocol, made out in accordance with Article 13;
- (c) an invoice bearing the exporter’s declaration as given in Annex IV to this Protocol, made out by any exporter for any consignment consisting of one or more packages containing originating products whose total value does not exceed 5,110 units of account.

2. The following originating products within the meaning of this Protocol shall, on importation into Lithuania or Sweden, benefit from the Agreement

without it being necessary to produce any of the documents referred to in paragraph 1:

- (a) products sent as small packages from private persons to private persons, provided that the value of the products does not exceed 365 units of account;
- (b) products forming part of travellers' personal luggage, provided that the value of the products does not exceed 1,025 units of account.

These provisions shall be applied only when such goods are not imported by way of trade and have been declared as meeting the conditions required for the application of the Agreement, and where there is no doubt as to the veracity of such declaration.

Importations which are occasional and consist solely of goods for the personal use of the recipients of travellers of their families shall not be considered as importations by way of trade if it is evident from the nature and quantity of the goods that no commercial purpose is in view.

3. Amounts in the national currency of the exporting Party to the Agreement equivalent to the amounts expressed in units of account shall be fixed by the exporting State and communicated to the other Party to the Agreement. When the amounts are higher than the corresponding amounts fixed by the importing State, the importing State shall accept them if the goods are invoiced in the currency of the exporting State.

If the goods are invoiced in the currency of the other Party to the Agreement, of Estonia or of Latvia the importing State shall recognize the amount notified by the State concerned.

4. The equivalent of a unit of account in the currencies of Lithuania, Sweden, Estonia or Latvia shall be the amounts specified in Annex VI to this Protocol.

5. The amounts expressed in units of account should be reviewed whenever necessary but anyway at least every second year.

6. Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle which are part of the normal equipment and included in the price thereof or are not separately invoiced are regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

7. Sets, within the meaning of General Rule 3 of the Harmonized System, shall be regarded as originating when all component articles are originating products. Nevertheless, when a set is composed of originating and non-originating articles, the set as a whole shall be regarded as originating provided that the value of the non-originating articles does not exceed 15 per cent of the ex-works price of the set.

Article 9

1. An EUR.1 certificate shall be issued by the customs authorities of the exporting State when the goods to which it relates are exported. It shall be made available to the exporter as soon as actual exportation has been effected or ensured.

2. The EUR.1 certificate shall be issued by the customs authorities of Lithuania or Sweden if the goods to be exported can be considered as products originating in that State within the meaning of Article 1.

3. The customs authorities in Lithuania or in Sweden may, provided that the goods to be covered by the EUR.1 certificates are in its territory, issue EUR.1 certificate under the conditions laid down in this Protocol if the goods to be exported can be considered as products originating in Lithuania or in Sweden or in Estonia or in Latvia within the meaning of Article 2.

In such cases, the issue of the EUR.1 certificate is subject to the presentation of the evidence of origin issued or made out previously.

4. An EUR.1 certificate may be issued only where it can serve as the documentary evidence required for the purpose of implementing the preferential treatment provided for in this Agreement or the Agreements referred to in sub-paragraph (b) (iii) of paragraph 1 of Article 1.

The date of issue of the EUR.1 certificate must be indicated in the box on the EUR.1 certificate reserved for the customs authorities.

5. In exceptional circumstances an EUR.1 certificate may also be issued after exportation of the goods to which it relates if it was not issued at the time of exportation because of errors, involuntary omissions of special circumstances.

The customs authorities may issue an EUR.1 certificate retrospectively only after verifying that the particulars supplied in the exporter's application agree with those on the corresponding document.

EUR.1 certificates issued retrospectively must be endorsed with one of the following phrases: "ISSUED RETROSPECTIVELY", "UTFÄRDAT I EFTERHAND", "IŠLEISTI ATGALINE DATA", "TAGANTJÄRELE VÄLJAANTUD", "IZDOTS PĒC PREČU EKSPORTA".

6. In the event of the theft, loss or destruction of an EUR.1 certificate, the exporter may apply to the customs authorities which issued it for a duplicate to be made out on the basis of the export documents in their possession. The duplicate issued in this way must be endorsed with one of the following words: "DUPLICATE", "DUPLIKAT", "DUBLIKATAS", "DUPLIKAAT", "DUBLIKĀTS".

The duplicate, which must bear the date of issue of the original EUR.1 certificate, shall take effect as from that date.

7. The endorsements referred to in paragraphs 5 and 6 shall be inserted in the “Remarks” box on the EUR.1 certificate.

8. It shall always be possible to replace one or more EUR.1 certificates by one or more EUR.1 certificates, provided that this is done at the customs office where the goods are located.

9. For the purpose of verifying whether the conditions stated in paragraphs 2 and 3 have been met, the customs authorities shall have the right to call for any documentary evidence or to carry out any check which they consider appropriate.

10. The provisions of paragraphs 2 to 9 above shall apply, *mutatis mutandis*, to the evidence of origin made out by approved exporters under the conditions set out in Article 13.

Article 10

1. An EUR.1 certificate shall be issued only on application having been made in writing by the exporter or, under the exporter’s responsibility, by his authorized representative, on the form of which a specimen is given in Annex III to this Protocol, which shall be completed in accordance with this Protocol.

2. It shall be the responsibility of the customs authorities of the exporting State to ensure that the form referred to in paragraph 1 is properly completed. In particular, they shall check whether the box reserved for the description of the goods has been completed in such a manner as to exclude any possibility of fraudulent additions. To this end, the description of the goods must be given without leaving any blank lines. Where the box is not completely filled, a horizontal line must be drawn below the last line of the description, the empty space being crossed through.

3. Since the EUR.1 certificate constitutes the documentary evidence for the application of the preferential tariff and quota arrangements laid down in the Agreement, it shall be the responsibility of the customs authorities of the exporting country to take any steps necessary to verify the origin of the goods and to check the other statements on the certificate.

4. When an EUR.1 certificate is issued within the meaning of paragraph 5 of Article 9 after the goods to which it relates have actually been exported, the exporter must in the application referred to in paragraph 1:
– indicate the place and date of exportation of the goods to which the EUR.1 certificate relates,

– certify that no EUR.1 certificates was issued at the time of exportation of the goods in question, and state the reasons.

5. Application for EUR.1 certificates and the evidence or origin referred to in the second sub-paragraph of paragraph 3 of Article 9, upon presentation of which new EUR.1 certificates are issued, must be preserved for at least two years by the customs authorities of the exporting country.

Article 11

1. EUR.1 certificates shall be made out on the form of which a specimen of which is given in Annex III to this Protocol. This form shall be printed in one or more of the official languages of the States Parties to this Agreement or in English. EUR.1 certificates shall be made out in one of those languages and in accordance with the provisions of the domestic law of the exporting State; if they are handwritten, they shall be completed in ink in capital letters.

2. The EUR.1 certificate shall be 210 x 297 millimetres. A tolerance of up to plus 8 millimetres or minus 5 millimetres in the length may be allowed. The paper used must be white-sized writing paper not containing mechanical pulp and weighing not less than 25 grammes per square metre. It shall have a printed green guilloche pattern background making any falsification by mechanical or chemical means apparent to the eye.

3. The States Parties to this Agreement may reserve the right to print the EUR.1 certificates themselves or may have them printed by printers approved by them. In the latter case, each EUR.1 certificate must include a reference of such approval. Each EUR.1 certificate must bear the name and address of the printer or a mark by which the printer can be identified. It shall also bear a serial number, whether or not printed, by which it can be identified.

Article 12

1. An EUR.1 certificate must be submitted, within four months of the date of issue by the customs authorities of the exporting State, to the customs authorities of the importing State where the goods are entered, in accordance with the procedures laid down by that State. The said authorities may require a translation of a certificate. They may also require the import declaration to be accompanied by a statement from the importer to the effect that the goods meet the conditions required for the implementation of the Agreement.

2. Without prejudice to paragraph 5 of Article 5, where, at the request of the person declaring the goods at customs, a dismantled or non-assembled

article falling within Chapter 84 or 85 of the Harmonized System is imported by instalments under the conditions laid down by the competent authorities, it shall be considered to be a single article and an EUR.1 certificate may be submitted for the whole article upon importation of the first instalment.

3. An EUR.1 certificate which is submitted to the customs authorities of the importing State after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying preferential treatment, where the failure to submit the certificate by the final date is due to force majeure or exceptional circumstances.

In other cases of belated presentation, the customs authorities of the importing State may accept the EUR.1 certificates where the goods have been submitted to them before the said final date.

4. The discovery of slight discrepancies between the statements made in the EUR.1 certificate and those made in the documents submitted to the Customs office for the purpose of carrying out the formalities for importing the goods shall not ipso facto render the certificate null and void, provided it is duly established that the certificate corresponds to the goods.

5. EUR.1 certificates shall be preserved by the customs authorities of the importing State in accordance with the rules in force in that State.

6. Proof that the conditions set out in Article 7 have been met shall be provided by submission to the customs authorities of the importing State of either:

- (a) a single supporting transport document, made out in the exporting State, under the cover of which the transit country has been crossed; or
- (b) a certificate issued by the customs authorities of the transit country containing:
 - an exact description of the goods,
 - the date of unloading and reloading of the goods and, where applicable, the names of the ships,
 - certified proof of the conditions under which the goods have stayed in the transit country;
- (c) or, failing these, any substantiating documents.

Article 13

1. Notwithstanding paragraphs 1 to 7 of Article 9 and paragraphs 1, 4 and 5 of Article 10, a simplified procedure for the issue of the documentation relating to the evidence of origin shall be applicable under the terms of the provisions set out below.

2. The customs authorities in the exporting State may authorize any exporter, hereinafter referred to as “approved exporter”, who makes frequent shipments for which EUR.1 certificates may be issued, and who offers to the satisfaction of the customs authorities all quarantees necessary to verify the originating status of the goods, not to submit to the customs office in the exporting State at the time of export either the goods or the application for an EUR.1 certificate relating to those goods, for the purpose of obtaining an EUR.1 certificate under the conditions laid down in paragraphs 1 to 4 of Article 9.

3. In addition, the customs authorities may authorize an approved exporter to draw up EUR.1 certificates, valid for a maximum period of one year from the date of issue, hereinafter referred to as “LT certificates” (Long term certificates). The authorization shall be granted only where the originating status of the goods to be exported is expected to remain unchanged for the period of validity of the LT certificate. If any goods are no longer covered by the LT certificate, the approved exporter shall immediately inform the customs authorities who gave the authorization.

Where the simplified procedure applies, the customs authorities of the exporting State may prescribe the use of EUR.1 certificates bearing a distinctive sign by which they may be identified.

4. The authorization referred to in paragraphs 2 and 3 shall stipulate, at the choice of customs authorities, that Box 11, “Customs endorsement”, of the EUR.1 certificate must:

- (a) either be endorsed beforehand with the stamp of the competent customs office of the exporting State and the handwritten or non-handwritten signature of an official of that office; or
- (b) be endorsed by the approved exporter with a special stamp which has been approved by the customs authorities of the exporting State and corresponds to the specimen given in Annex V to this Protocol; this stamp may be preprinted on the form.

Box 11, “Customs endorsement”, of the EUR.1 certificate shall be completed if necessary by the approved exporter.

5. In the cases referred to in paragraph 4 (a), one of the following phrases shall be entered in box 7, “Remarks”, of the EUR.1 certificate: “Simplified procedure”, “Förenklad procedur”, “Supaprastinta procedura”, “Lihtsustatud protseduur”, “Vienkāršotā procedūra”. The approved exporter shall if necessary indicate in Box 13, “Request for verification”, the name and address of the customs authority competent to verify the EUR. 1 certificate.

6. In the case referred to in paragraph 3, the approved exporter shall also enter in box 7 of the EUR.1 certificate one of the following phrases:

“LT certificate valid until ...”,

“LT-certifikat giltigt till ...”,
“LT-sertificatas galioja iki ...”.
“Pikaaajaline sertifikaat kehtib kuni ...”,
“LT sertifikāts ir spēkā līdz ...”,
(date indicated in Arabic numerals),

and a reference to the authorization under which the relevant LT certificate has been issued.

The approved exporter shall not be required to refer in Box 8 and Box 9 of the LT certificate to the marks and numbers and number and kind of packages and the gross weight (kg) or other measure (litres, m³, etc.). Box 8 must, however, contain a description and designation of the goods which is sufficiently precise to allow for their identification.

7. Notwithstanding paragraphs 1 to 3 of Article 12, the LT certificate must be submitted to the customs office of import at or before the first importation of any goods to which it relates. When the importer carries out the customs clearance at several customs offices in the State of importation, the customs authorities may request him to produce a copy of the LT certificate to all of those offices.

8. Where an LT certificate has been submitted to the customs authorities, the evidence of the originating status of the imported goods shall, during the validity of the LT certificate, be given by invoices which satisfy the following conditions:

- (a) when an invoice includes both goods originating in Lithuania, Sweden, Estonia or Latvia and non-originating goods, the exporter shall distinguish clearly between these two categories;
- (b) the exporter shall state on each invoice the number of the LT certificate which covers the goods and the date of expiry of the certificate and the name(s) of the country or countries in which the goods originate.

The statement on the invoice made by the exporter of the number of the LT certificate with the indication of the country of origin shall constitute a declaration that the goods fulfil the conditions laid down in this Protocol for the acquisition of preferential origin status in trade between the States Parties to this Agreement.

The customs authorities of the exporting state may require that the entries, which, under the above provisions, must appear on the invoice, be supported by the manuscript signature followed by the name of the signatory in clear script;

- (c) the description and the designation of the goods on the invoice shall be in sufficient detail to show clearly that the goods are also listed on the LT certificate to which the invoice refers;

- (d) the invoices can be made out only for the goods exported during the period of validity of the relevant LT certificate. They may, however, be produced at the import customs office within four months of the date of their being made out by the exporter.

9. In the framework of the simplified procedures, invoices which satisfy the conditions of this Article may be made out and/or transmitted using telecommunications or electronic data processing methods. Such invoices shall be accepted by the customs of the importing State as evidence of the originating status of the goods imported in accordance with the procedures laid down by the customs authorities there.

10. Should the customs authorities of the exporting State identify that a certificate and/or invoice issued under the provisions of this Article is invalid in relation to any goods supplied, they shall immediately notify the customs authorities of the importing State of the facts.

11. The customs authorities may authorize an approved exporter to make out invoices bearing the declaration given in Annex IV to this Protocol in place of EUR.1 certificates.

The declaration made by the approved exporter on the invoice shall be made out in one of the official languages of the Parties to this Agreement or in English. It shall be signed in manuscript and must either:

- (a) have a reference to the approved exporter's authorization number, or
- (b) be endorsed by the approved exporter with the special stamp referred to in paragraph 4 (b) which has been approved by the customs authorities of the exporting State. This stamp may be preprinted on the invoice.

12. However, the customs authorities in the exporting State may authorize an approved exporter not to sign the statement in paragraph 8 (b) or the declaration referred to in paragraph 11 given on the invoice, when such invoices are made out and/or transmitted using telecommunication or electronic data processing methods.

The said customs authorities shall lay down conditions for the implementation of this paragraph, including, if they so require, a written undertaking from the approved exporter, that he accepts full responsibility for such statement and declaration as if they had in fact been signed in manuscript by him.

13. In the authorization referred to in paragraphs 2, 3 and 11 the customs authorities shall specify in particular:

- (a) the conditions under which the application for EUR.1 certificates or for LT certificates are made or under which the declaration concerning the origin of goods is made on the invoice;

- (b) the conditions under which these applications, as well as a copy of the invoices referring to an LT certificate and of the invoices bearing the exporter's declaration, are kept for at least two years. In the case of LT certificates or invoices referring to an LT certificate, this period shall begin from the date of expiry of validity of the LT certificate. These provisions shall also apply to the EUR. 1 certificates or LT certificates and the invoices referring to an LT certificate, as well as to invoices bearing the exporter's declaration, having served as the basis for the issue of other evidence of origin, used under the conditions laid down in the second sub-paragraph of paragraph 3 of Article 9.

14. The customs authorities in the exporting State may declare certain categories of goods ineligible for the special treatment provided for in paragraphs 2, 3 and 11.

15. The customs authorities shall refuse the authorization referred to in paragraphs 2, 3 and 11 to exporters who do not offer all the guarantees which they consider necessary.

The customs authorities may withdraw the authorizations at any time. They must do so where the conditions of approval are no longer satisfied or the approved exporter no longer offers those guarantees.

16. The approved exporter may be required to inform the customs authorities, in accordance with the rules which they lay down, of goods to be dispatched by him, so that the competent customs office may make any verification it thinks necessary before the dispatch of the goods.

17. The provisions of this Article shall not prejudice application of the rules of the States Parties to this Agreement on customs formalities and the use of customs documents.

Article 14

The declaration referred to in paragraph 1 (c) of Article 8 shall be made out by the exporter in the form given in Annex IV to this Protocol in one of the official languages of the States Parties to this Agreement or in English. It shall be typed or stamped and signed by hand. The exporter must keep a copy of the invoice bearing the said declaration for at least two years.

Article 15

1. The exporter or his representative shall submit with his request for an EUR.1 certificate any appropriate supporting document proving that the goods to be exported qualify for the issue of an EUR.1 certificate.

He shall undertake to submit at the request of the appropriate authorities, any supplementary evidence they may require for the purpose of establishing the correctness of the originating status of the goods eligible for preferential treatment and shall undertake to agree to any inspection of his accounts and to any check on the processes of the obtaining of the above goods, carried out by the said authorities.

2. Exporters must keep for at least two years the supporting documents referred to in paragraph 1.

3. The provisions of paragraphs 1 and 2 shall apply *mutatis mutandis* in the case of the use of the procedures laid down in paragraphs 2 and 3 of Article 13 and of the declarations referred to in paragraphs 1 (b) and 1 (c) of Article 8.

Article 16

1. Goods sent from Lithuania or Sweden for exhibition in a country other than Lithuania, Sweden, Estonia or Latvia and sold after the exhibition for importation into Lithuania or Sweden shall benefit on importation from the provisions of this Agreement on condition that the goods meet the requirements of this Protocol entitling them to be recognized as originating in Sweden or Lithuania and provided that it is shown to the satisfaction of the customs authorities that:

- (a) an exporter has consigned these goods from Lithuania or from Sweden to the country in which the exhibition is held and has exhibited them there;
- (b) the goods have been sold or otherwise disposed of by that exporter to someone in Sweden or Lithuania;
- (c) the goods have been consigned during the exhibition or immediately thereafter to Sweden or Lithuania in the state in which they were sent for exhibition;
- (d) the goods have not, since they were consigned for exhibition, been used for any purpose other than demonstration at the exhibition.

2. An EUR.1 certificate must be produced to the customs authorities in the normal manner. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of the nature of the goods and the conditions under which they have been exhibited may be required.

3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organized for private purposes in shops or business premises with a view to the sale of foreign goods, and during which the goods remain under customs control.

Article 17

1. In order to ensure the proper application of this Title, Lithuania and Sweden shall assist each other through their respective customs administrations, in checking the authenticity and accuracy of EUR.1 certificates, including those issued under paragraph 3 of Article 9 and the exporters' declarations made on invoices.
2. The Joint Committee shall be authorized to take any decisions necessary for the methods of administrative cooperation to be applied in due time in Lithuania and Sweden.
3. The customs authorities of Lithuania and Sweden shall provide each other with specimen impressions of stamps used in their customs offices for the issue of EUR.1 certificates.
4. Penalties shall be imposed on any person who draws up, or causes to be drawn up, a document which contains incorrect particulars for the purpose of obtaining a preferential treatment for goods.
5. Lithuania and Sweden shall take all necessary steps to ensure that goods traded under cover of an EUR.1 certificate, which in the course of transport use a free zone situated in their territory, are not substituted by other goods and that they do not undergo handling other than normal operations designed to prevent their deterioration.
6. When products originating in Lithuania and Sweden and imported into a free zone under cover of an EUR.1 certificate undergo treatment or processing, the customs authorities concerned must issue a new EUR.1 certificate at the exporter's request if the treatment or processing undergone is in conformity with the provisions of this Protocol.

Article 18

1. Subsequent verifications of EUR.1 certificates and of exporters' declarations made on invoices shall be carried out at random or whenever the customs authorities of the importing State have reasonable doubt as to the authenticity of the document or the accuracy of the information regarding the true origin of the goods in question.
2. For the purposes of implementing the provisions of paragraph 1, the customs authorities of the importing State shall return the EUR.1 certificate and the invoice, if it has been submitted, or the invoice referring to an LT certificate, or the invoice bearing the exporter's declaration or a copy of those documents, to the customs authorities of the exporting State, giving where appropriate, the reasons of substance or form for an inquiry.

The customs authorities shall forward, in support of the request for a posteriori verification, any documents and information that have been obtained suggesting that the particulars given on the EUR.1 certificate or the invoice are inaccurate.

If the customs authorities of the importing State decide to suspend the provisions of the Agreement while awaiting the results of the verification, they shall offer to release the goods to the importer subject to any precautionary measures judged necessary.

3. The customs authorities of the importing State shall be informed of the results of the verification as soon as possible. These results must be such as to make it possible to determine whether the documents returned under paragraph 2 apply to the goods actually exported, and whether these goods can, in fact, qualify for application of the preferential arrangements.

Where such disputes cannot be settled between the customs authorities of the importing State and those of the exporting State or where they raise a question as to the interpretation of this Protocol they shall be submitted to the Sub-Committee on customs and origin matters referred to in Article 26. The decisions shall be taken by the Joint Committee.

For the purpose of the subsequent verification of EUR.1 certificates, the customs authorities of the exporting country must keep the export documents, or copies of EUR.1 certificates used in place thereof, for at least two years.

Title III

Final provisions

Article 19

Lithuania and Sweden shall each take the steps necessary to implement this Protocol.

Article 20

The Annexes to this Protocol shall form an integral part thereof.

Article 21

Goods which conform to the provisions of Title I and which on the date of entry into force of the Agreement are either being transported or are being held in Lithuania or Sweden in temporary storage, in bonded warehouses or in free zones, may be accepted as originating products subject to the submission – within four months from that date – to the customs authorities of the

importing State of an evidence of origin, drawn up retrospectively, and of any documents that provide supporting evidence of the conditions of transport.

Article 22

Lithuania and Sweden undertake to introduce measures necessary to ensure that the EUR.1 certificates which their customs authorities are authorized to issue in pursuance of this Agreement are issued under the conditions laid down by this Agreement. They also undertake to provide the administrative co-operation necessary for this purpose, in particular to check on the itinerary of goods traded under this Agreement and the places in which they have been held.

Article 23

1. Products which are of the kind to which the Agreement applies, and which are used in the manufacture of products for which an EUR.1 certificate, an LT certificate or the invoices referring to the LT certificate, or an invoice bearing the exporter's declaration are issued or completed, can only be the subject of drawback of customs duty or benefit from an exemption of customs duty of whatever kind when products originating in Lithuania, Sweden, Estonia or Latvia are concerned.

2. In this Article, the term "customs duty" also means charges having an effect equivalent to customs duty.

Article 24

(This Protocol does not contain an Article 24)

Article 25

1. Originating products within the meaning of this Protocol shall, on importation into Lithuania benefit from the Agreement also upon submission of an EUR.1 certificate issued by a customs office in Estonia or Latvia in which the expression "Application Article 25" has been inserted and authenticated by the stamp of the said office.

2. When products, previously imported into Lithuania accompanied by evidence of origin referred to in paragraph 1 of Article 8, issued or made out in Sweden, are re-exported to Estonia or to Latvia, Lithuania shall undertake to issue EUR.1 certificates with the expression "Application Article 25", provided that the products are re-exported in the same state or have

undergone no working or processing in Lithuania going beyond that referred to in paragraph 5 of Article 5.

Article 26

A Sub-Committee on customs and origin matters shall be set up under the Joint Committee in accordance with paragraph 2 of Article 21 of the Agreement charged with carrying out administrative cooperation with a view to ensuring a practical, correct and uniform application of this Protocol as well as a continuous information and consultation process between experts.

It shall be composed of experts from Lithuania and Sweden responsible for questions related to origin rules.

Article 27

For the purpose of implementing sub-paragraph (b) (ii) or (iii) of paragraph 1 of Article 1 any product originating in the territory of Lithuania or Sweden shall, on exportation to the territory of the other Party to this Agreement, be treated as a non-originating product during the period or periods in which the last-mentioned Party to this Agreement applies the rate of duty applicable to third countries or any corresponding safeguard measure to such products in accordance with this Agreement.

ANNEX I

EXPLANATORY NOTES

Note 1 - Article 1

The term "State Party to this Agreement" shall also cover the territorial waters of this State.

Vessels operating on the high seas, including factory ships, on which the fish caught is worked or processed shall be considered as part of the territory of the State Party to this Agreement to which they belong provided that they satisfy the conditions set out in Explanatory Note 4.

Note 2 - Articles 1, 2 and 4

The conditions set out in Article 1 relative to the acquisition of originating status must be fulfilled without interruption in a State Party to this Agreement except as provided for in Article 2.

If originating products exported from a State Party to this Agreement to another country are returned, except so far as provided for in Article 2, they must be considered as non-originating unless it can be demonstrated to the satisfaction of the customs authorities that:

- the goods returned are the same goods as those exported, and
- they have not undergone any operations beyond that necessary to preserve them in good condition while in that country.

Note 3 - Articles 1 and 2

In order to determine whether goods are originating products it shall not be necessary to establish whether the power and fuel, plant and equipment, and machines and tools used to obtain such goods originate in third countries or not.

Note 4 - sub-paragraph (f) of Article 4

The term "its vessels" shall apply only to vessels:

- (a) which are registered or recorded in a State Party to this Agreement;
- (b) which sail under the flag of a State Party to this Agreement;
- (c) which are at least 50 per cent owned by nationals of a State Party to this Agreement or by a company with its head office in such a State, of which the manager or managers, chairman of the board of directors or of the supervisory board,

and the majority of the members of such boards are nationals of a State Party to this Agreement and of which, in addition, in the case of partnerships or limited companies, at least half of the capital belongs to such a State or to public bodies or nationals of such a State;

- (d) of which the captain and officers are all nationals of a State Party to this Agreement;
- (e) of which at least 75 per cent of the crew are nationals of a State Party to this Agreement.

Note 5 - Articles 4 and 5

1. The unit of qualification for the application of the origin rules shall be the particular product which is considered as the basic unit when determining classification using the Nomenclature of the Harmonized System. In the case of sets of products which are classified by virtue of General Rule 3, the unit of qualification shall be determined in respect of each item in the set; this also applies to the sets of heading Nos 6308, 8206 and 9605.

Accordingly, it follows that:

- when a product composed of a group or assembly of articles is classified under the terms of the Harmonized System within a single heading, the whole constitutes the unit of qualification,
- when a consignment consists of a number of identical products classified within the same heading of the harmonized system, each product must be taken individually when applying the origin rules.

2. Where, under General Rule 5 of the Harmonized System, packing is included with the product for classification purposes, it shall be included for purposes of determining origin.

Note 5a - sub-paragraph (h) of Article 4

In the case of used tyres, the term "used articles collected there, fit only for the recovery of raw materials" does not only cover used tyres fit only for the recovery of raw materials but also used tyres fit only for retreading or for use as waste.

Note 6 - Paragraph 2 of Article 5

The Introductory Notes to Annex II shall also apply where appropriate to all products manufactured using non-originating materials even if they are not subject to a specific condition contained in the list in Annex II but are subject instead to the change of heading rule set out in paragraph 2 of Article 5.

Note 7 - Article 6

"Ex-works price" shall mean the price paid to the manufacturer in whose undertaking the last working or processing is carried out, provided the price includes the value of all the products used in manufacture.

"Customs value" shall be understood as meaning the customs value as determined in accordance with the Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade done at Geneva on 12 April 1979.

Note 8 - Paragraph 1 of Article 8

The facility of using, under this Protocol, the invoice as evidence of the originating status of the goods, shall be extended to the delivery note or any other commercial document which describes the goods concerned in sufficient detail to enable them to be identified.

In the case of products sent by post which, within the meaning of paragraph 2 of Article 8, are not considered as importations by way of trade, the declaration of the originating status can also be made on the customs declaration C2/CP3 or on a sheet of paper annexed to that declaration.

Note 9 - Paragraph 1 of Article 17 and Article 22

Where an EUR.1 certificate has been issued under the conditions laid down in Article 9 (3) and relates to goods re-exported in the same state, the customs authorities of the country of destination must be able to obtain, by means of administrative co-operation, true copies of the evidence of origin issued or made out previously relating to those goods.

Note 10 - Article 23

"Drawback of customs duty or exemption from customs duty of whatever kind" shall mean any arrangement for refund or remission, partial or complete, of customs duties applicable to products used in manufacture, provided that the said provision concedes, expressly or in effect, this repayment or non-charging or the non-imposition when goods obtained from the said products are exported but not when they are retained for home use.

"Products used in manufacture" shall mean any products in respect of which a "drawback of customs duty or exemption from customs duty of whatever kind" is requested as a result of the export of originating products for which an EUR.1 certificate, an LT certificate or the invoices referring to the LT certificate, or an invoice bearing the exporter's declaration are issued or made out.

Annex II to Protocol A

List of working or processing required to be carried out on non-originating materials in order that the product manufactured can obtain originating status

Annex III to Protocol A

Movement Certificate

Application for a Movement Certificate

Declaration by the Exporter

Annex IV to Protocol A

Declaration referred to in Article 8 (1) (b) and (c)

Annex V to Protocol A

[Specimen of stamp referred to in Article 13(4)(b)]

Annex VI to Protocol A

[Amounts equivalent to a unit of account in the currencies of the States Parties referred to in Article 8(4)]

MEMORANDUM OF UNDERSTANDING RELATING TO THE FREE
TRADE AGREEMENT BETWEEN THE KINGDOM OF SWEDEN AND
THE REPUBLIC OF LITHUANIA

1. Regarding Article 4 of the Agreement, the Parties agree that the statistical and administrative fee imposed on imports and exports in Lithuania shall be abolished when a new customs data collection system is introduced. Until that time, the size of the fee may not be increased.

2. With respect to Article 5 of the Agreement, the Parties agree that the system for licensing of exports, which is currently imposed in Lithuania, shall be of a temporary nature and shall only be used for the purpose of surveillance. The licensing system shall not be imposed in a more restrictive way and shall not be given a more extensive coverage with respect to exports to Sweden than towards any other country. In particular, the licensing system shall not be used as a means of imposing quotas or otherwise restricting exports to Sweden of any commodity. Lithuania shall promptly inform the Joint Committee of any changes in the licensing system. The Joint Committee shall periodically review the licensing system with the purpose of the eventual elimination of the system.

3. Regarding Article 9, the Parties agree to discuss the currency regulations in Lithuania at the first meeting of the Joint Committee, taking into account the present economic situation and the existing possibilities and procedures for the exchange of currency in Lithuania.

4. The Parties will further discuss the trade between the Parties in hazardous wastes, and shall endeavour to promptly conclude a bilateral agreement on such trade.

5. Sweden has applied for membership of the European Communities. As a Member, Sweden will have to adapt its trade policy to that of the Communities. Modalities and timetables for this adaptation will be the subject of negotiations between Sweden and the Communities. The Free Trade Agreement between Sweden and Lithuania will have to be reconsidered in this context. The Swedish Government will make best endeavours to maintain the trade liberalization achieved between Sweden and Lithuania by means of this Agreement.

6. The Parties agree that all procedures and formalities in connection with importation and exportation of goods will not be applied more restrictively towards products and firms of the other Party than towards products and firms of any other country. Without prejudice to other international obligation of the Parties, the same shall apply in the application of customs duties, quantitative restrictions, and any other restrictive measures agreed upon by both Parties in accordance with the provisions of this Agreement. In particular, it is understood that any restrictive measures taken by a Party to the Free Trade Agreement according to paragraph 2 of Article 5, or according to

Articles 16, 17, or 18 of the Agreement may not be more restrictive towards the other Party than towards any other country.

7. Regarding Protocol A, the Parties have reached the following understanding:

- (a) It is agreed that Sweden and Lithuania closely co-ordinate their efforts in training those concerned with the use of the simplified procedure laid down in Protocol A with regard to the issue, control and verification of evidence of origin in order to enable them to be authorized to use this procedure. The time and modalities of the introduction of the simplified procedure shall be agreed upon after deliberations in the Sub-Committee on origin and customs matters.
- (b) It is agreed that the Lithuanian Government will communicate which authority will have the responsibility to issue EUR 1 certificates in accordance with Article 9 of Protocol A, as well as to check the authenticity and accuracy of EUR 1 certificates, including those issued under paragraph 3 of Article 9 and including the exporters' declarations made out on invoices.
- (c) The Parties agree that the provisions in Article 23 of Protocol A shall not apply during the first year of the implementation of the Agreement. The derogation from Article 23 may be prolonged for one year at the time after decision by the Joint Committee. If it is established that, because of the effect of the derogation from Article 23, a product is imported into the territory of one of the Parties to this Agreement in such increased quantities and under conditions which cause, or threaten to cause, serious injury to producers of similar or directly competitive goods in the Party concerned, the Party may suspend the non-application of the provisions of Article 23.

[EXCHANGE OF LETTERS]

I

March 17, 1992

Your Excellency,

On the occasion of the signing of the Free Trade Agreement between the Kingdom of Sweden and the Republic of Lithuania, I wish to make the following statement.

Lithuania is currently in its transitional period to a market economy. This period is causing abrupt price level and price structure fluctuations coupled with unpredictable ruble exchange rate variations attributed to the monetary emission policy conducted outside the borders of Lithuania and the economic crisis in the Soviet ruble area.

The Government of the Republic of Lithuania, with a view to protecting its vitally important economic interests during this temporary transitional period of 1992, is restricting exports of local timber and its bi-products (excluding furniture), cement and oil products.

We hope that the Government of the Kingdom of Sweden both understands and accepts this situation.

Please accept, Your Excellency, the assurances of my highest consideration.

GEDIMINAS VAGNORIUS

H. E. Carl Bildt
Prime Minister
Kingdom of Sweden

II

17th March 1992

Your Excellency,

I have the honour to acknowledge the receipt of your letter dated 17 March, 1992, which reads as follows:

[See letter I]

I have the honour to confirm that your letter and this reply constitute and understanding between the Government of the Kingdom of Sweden and the Government of the Kingdom of Sweden and the Government of the Republic of Lithuania in this matter.

Please accept, Your Excellency, the assurances of my highest consideration.

CARL BILDT

H. E. Gediminas Vagnorius
Prime Minister
Republic of Lithuania
