

## PROTOCOL 2

For defining the concept "originating goods" and methods of administrative co-operation

### TABLE OF CONTENTS

#### TITLE I GENERAL PROVISIONS.

- Article 1 Definitions

#### TITLE II DEFINITION OF THE CONCEPT OF 'ORIGINATING PRODUCTS

- Article 2 General requirements
- Article 3 Bilateral cumulation of origin
- Article 4 Wholly obtained products
- Article 5 Sufficiently worked or processed products
- Article 6 Insufficient working or processing operations
- Article 7 Unit of qualification
- Article 8 Accessories, spare parts and tools
- Article 9 Sets
- Article 10 Neutral elements

#### TITLE III TERRITORIAL REQUIREMENTS

- Article 11 Principle of territoriality
- Article 12 Direct transport
- Article 13 Exhibitions

#### TITLE IV DRAWBACK OR EXEMPTION

- Article 14 Prohibition of drawback of, or exemption from customs duties

#### TITLE V PROOF OF ORIGIN

- Article 15 General requirements
- Article 16 Procedure for the issue of an EUR.1 movement certificate
- Article 17 EUR.1 movement certificates issued retrospectively
- Article 18 Issue of a duplicate EUR.1 movement certificate
- Article 19 Issue of EUR.1 movement certificates on the basis of a proof of origin issued or made out previously

- Article 20 Validity of proof of origin
- Article 21 Submission of proof of origin
- Article 22 Importation by installments
- Article 23 Exemptions from proof of origin
- Article 24 Supporting documents
- Article 25 Preservation of proof of origin and supporting documents
- Article 26 Discrepancies and formal errors
- Article 27 Amounts expressed in ECU .

#### TITLE VI ARRANGEMENTS FOR ADMINISTRATIVE COOPERATION

- Article 28 Mutual assistance
- Article 29 Verification of proofs of origin
- Article 30 Dispute settlement
- Article 31 Penalties
- Article 32 Free zones

#### TITLE VII FINAL PROVISIONS

- Article 33 Amendments to the Protocol
- Article 34 Annexes
- Article 35 Goods in transit or storage

#### TITLE I

## GENERAL PROVISIONS

### Article 1

#### Definitions

For the purposes of this Protocol:

- (a) 'manufacture` means any kind of working or processing including assembly or specific operations;
- (b) 'material` means any ingredient, raw material, component or part, etc., used in the manufacture of the product;
- (c) 'product` means the product being manufactured, even if it is intended for later use in another manufacturing operation;
- (d) 'goods` means both materials and products;
- (e) 'customs value` means the value as determined in accordance with the 1994 Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade (WTO Agreement on customs valuation);
- (f) 'ex-works price` means the price paid for the product ex works to the manufacturer in the Contracting Party in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used, minus any internal taxes which are, or may be, repaid when the product obtained is exported;
- (g) 'value of materials` means the customs value at the time of importation 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 Contracting Party;
- (h) 'value of originating materials` means the value of such materials as defined in subparagraph (g) applied *mutatis mutandis*;
- (i) 'added value` shall be taken to be the ex-works price minus the customs value of each of the products incorporated which did not originate in the country in which those products were obtained;
- (j) 'chapters` and 'headings` mean the chapters and the headings (four-digit codes) used in the nomenclature which makes up the Harmonized Commodity Description and Coding System, referred to in this Protocol as 'the Harmonized System` or 'HS`;
- (k) 'classified` refers to the classification of a product or material under a particular heading;
- (l) 'consignment` means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;
- (m) 'territories` includes territorial waters.
- (n) "calculating unit" means the countervalue of the European Calculating Unit (ECU).

## TITLE II

### DEFINITION OF THE CONCEPT OF 'ORIGINATING PRODUCTS'

#### Article 2

##### General requirements

For the purpose of implementing the Agreement, the following products shall be considered as originating in the

Contracting Party:

(a) products wholly obtained in the Contracting Party within the meaning of Article 4 of this Protocol;

(b) products obtained in the Contracting Party incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in the Contracting Party within the meaning of Article 5 of this Protocol.

#### Article 3

##### Bilateral cumulation of origin

1. Materials originating in the Republic of Croatia shall be considered as materials originating in the Republic of Macedonia when incorporated into a product obtained there. It shall not be necessary that such materials have undergone sufficient working or processing, provided they have undergone working or processing going beyond that referred to in Article 6 (1) of this Protocol.

2. Materials originating in the Republic of Macedonia shall be considered as materials originating in the Republic of Croatia when incorporated into a product obtained there. It shall not be necessary that such materials have undergone sufficient working or processing, provided they have undergone working or processing going beyond that referred to in Article 6 (1) of this Protocol.

#### Article 4

##### Wholly obtained products

1. The following shall be considered as wholly obtained in one of the Contracting Parties:

(a) mineral products extracted from their soil or from their 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 outside the territorial waters of the Contracting

Party by their vessels;

(g) products made aboard their factory ships exclusively from products referred to in subparagraph (f);

(h) used articles collected there fit only for the recovery of raw materials, including used tyres fit only for

retreading or for use as waste;

(i) waste and scrap resulting from manufacturing operations conducted there;

(j) products extracted from marine soil or subsoil outside their territorial waters provided that they have sole rights to work that soil or subsoil;

(k) goods produced there exclusively from the products specified in subparagraphs (a) to (j).

2. The terms 'their vessels` and 'their factory ships` in paragraph 1 (f) and (g) shall apply only to vessels and factory ships:

(a) which are registered or recorded in the Contracting Party;

(b) which sail under the flag of the Contracting Party;

(c) which are owned to an extent of at least 50 % by nationals of the Contracting Parties, or by a company with

its head office in one of these States, of which the manager or managers, Chairman of the Board of

Directors or the Supervisory Board, and the majority of the members of such boards are nationals of the

state Contracting Party and of which, in addition, in the case of partnerships or limited companies, at least

half the capital belongs to those States or to public bodies or nationals of the said States;

(d) of which the master and officers are nationals of the respective Contracting Party; and

(e) of which at least 75 % of the crew are nationals of the respective Contracting Party.

#### Article 5

##### Sufficiently worked or processed products

1. For the purposes of Article 2, products which are not wholly obtained are considered to be sufficiently worked or processed when the conditions set out in the list in Annex II are fulfilled.

The conditions referred to above indicate, for all products covered by the Agreement, the working or processing

which must be carried out on non-originating materials used in manufacturing and apply only in relation to such

materials. Accordingly, it follows that if a product, which has acquired originating status by fulfilling the

conditions set out in the list is used in the manufacture of another product, the conditions applicable to the

product in which it is incorporated do not apply to it and no account shall be taken of the non-originating

materials which may have been used in its manufacture.

2. Notwithstanding paragraph 1, non-originating materials which, according to the conditions set out in the list,

should not be used in the manufacture of a product may nevertheless be used, provided that:

(a) their total value does not exceed 10 % of the ex-works price of the product;

(b) any of the percentages given in the list for the maximum value of non-originating materials are not

exceeded through the application of this paragraph.

This paragraph shall not apply to products falling within Chapters 50 to 63 of the Harmonized System.

3. Paragraphs 1 and 2 shall apply except as provided in Article 6.

#### Article 6

Insufficient working or processing operations

1. Without prejudice to paragraph 2, the following operations shall be considered as insufficient working or processing to confer the status of originating products, whether or not the requirements of Article 5 are satisfied:

(a) operations to ensure the preservation of products in good condition during transport and storage

(ventilation, spreading out, drying, chilling, placing in salt, sulfur dioxide or other aqueous solutions,

removal of 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 packaging and breaking up and assembly of packages;

(ii) simple placing in bottles, flasks, bags, cases, boxes, fixing on cards or boards, etc., and all other

simple packaging operations;

(d) affixing marks, labels and 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 in the Contracting Parties;

(f) simple assembly of parts to constitute a complete product;

(g) a combination of two or more operations specified in subparagraphs (a) to (f);

(h) slaughter of animals.

2. All the operations carried out in either of the Contracting Parties on a given product shall be considered together

when determining whether the working or processing undergone by that product is to be regarded as insufficient

within the meaning of paragraph 1.

#### Article 7

Unit of qualification

1. The unit of qualification for the application of the provisions of this Protocol shall be the particular product which is considered as the basic unit when determining classification using the nomenclature of the Harmonized System.

Accordingly, it follows that:

(a) when a product composed of a group or assembly of articles is classified under the terms of the

Harmonized System in a single heading, the whole constitutes the unit of qualification;

(b) when a consignment consists of a number of identical products classified under the same heading of the

Harmonized System, each product must be taken individually when applying the provisions of this Protocol.

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

#### Article 8

Accessories, spare parts and tools

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 which are not separately invoiced, shall be regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

#### Article 9

Sets

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

#### Article 10

Neutral elements

In order to determine whether a product originates, it shall not be necessary to determine the origin of the following which might be used in its manufacture:

- (a) energy and fuel;
- (b) plant and equipment;
- (c) machines and tools;
- (d) goods which do not enter and which are not intended to enter into the final composition of the product.

### TITLE III

#### TERRITORIAL REQUIREMENTS

##### Article 11

Principle of territoriality

1. The conditions set out in Title II relative to the acquisition of originating status must be fulfilled without interrupting the Contracting Parties.

2. If originating goods exported from the Contracting Parties to a third country are returned, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

- (a) the goods returned are the same goods as those exported; and
- (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.

##### Article 12

## Direct transport

1. The preferential treatment provided for under the Agreement applies only to products, satisfying the requirements of this Protocol, which are transported directly between the Contracting Parties. However, products constituting one single consignment may be transported through other territories with, should the occasion arise, transshipment or temporary warehousing in such territories, provided that they remain under the surveillance of the customs authorities in the country of transit or warehousing and do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition. Originating products may be transported by pipeline across territory other than that of the Contracting Parties.

2. Evidence that the conditions set out in paragraph 1 have been fulfilled shall be supplied to the customs authorities of the importing country by the production of:

- (a) a single transport document covering the passage from the exporting country through the country of transit; or
- (b) a certificate issued by the customs authorities of the country of transit:
  - (i) giving an exact description of the products;
  - (ii) stating the dates of unloading and reloading of the products and, where applicable, the names of the ships, or the other means of transport used; and
  - (iii) certifying the conditions under which the products remained in the transit country;
- or
- (c) failing these, any substantiating documents.

## Article 13

### Exhibitions

1. Originating products, sent for exhibition in another country and sold after the exhibition for importation in the Contracting Parties, shall benefit on importation from the provisions of the Agreement provided it is shown to the satisfaction of the customs authorities that:

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

2. A proof of origin must be issued or made out in accordance with the provisions of Title V and submitted to the customs authorities of the importing country in the normal manner. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of 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 products, and during which the products remain under customs control.

#### TITLE IV

#### DRAWBACK OR EXEMPTION

##### Article 14

Prohibition of drawback of, or exemption from, customs duties

1. Non-originating materials used in the manufacture of products originating in the Contracting Parties for which a proof of origin is issued or made out in accordance with the provisions of Title V shall not be subject in the Contracting Parties to drawback of, or exemption from, customs duties of whatever kind.

2. The prohibition in paragraph 1 shall apply to any arrangement for refund, remission or non-payment, partial or complete, of customs duties or charges having an equivalent effect, applicable in the Contracting Parties to materials used in the manufacture where such refund, remission or non-payment applies, expressly or in effect, when products obtained from the said materials are exported and not when they are retained for home use there.

3. The exporter of products covered by a proof of origin shall be prepared to submit at any time, on request from the customs authorities, all appropriate documents proving that no drawback has been obtained in respect of the nonoriginating materials used in the manufacture of the products concerned and that all customs duties or charges having equivalent effect applicable to such materials have actually been paid.

4. The provisions of paragraphs 1 to 3 shall also apply in respect of packaging within the meaning of Article 7 (2), accessories, spare parts and tools within the meaning of Article 8 and products in a set within the meaning of Article 9 when such items are non-originating.

5. The provisions of paragraphs 1 to 4 shall apply only in respect of materials which are of the kind to which the Agreement applies. Furthermore, they shall not preclude the application of an export refund system for agricultural products, applicable on export in accordance with the provisions of the Agreement.

6. Notwithstanding paragraph 1, the Contracting Parties may apply arrangements for drawback of, or exemption from, customs duties or charges having an equivalent effect, applicable to materials used in the manufacture of originating products, subject to the following provisions:

(a) a 5 % rate of customs charge shall be retained in respect of products falling within Chapters 25 to 49 and 64 to 97 of the Harmonized System, or such lower rate as is in force in the Contracting Parties;

(b) a 10 % rate of customs charge shall be retained in respect of products falling within Chapters 50 to 63 of the Harmonized System, or such lower rate as is in force in the Contracting Parties.

The provisions of this paragraph shall apply until 31 December 1998 and may be reviewed by common accord.

7. The provisions of this paragraph shall apply one year after the day this Agreement becomes effective.

#### TITLE V

#### PROOF OF ORIGIN

##### Article 15

##### General requirements

1. Products originating in one Contracting Party shall, on importation into the other Contracting Party, benefit from this Agreement on submission of either: an EUR.1 movement certificate, a specimen of which appears in Annex III;
2. Notwithstanding paragraph 1, originating products within the meaning of this Protocol shall, in the cases specified in Article 23, benefit from this Agreement without it being necessary to submit any of the documents referred to above.

##### Article 16

##### Procedure for the issue of an EUR.1 movement certificate

1. An EUR.1 movement certificate shall be issued by the customs authorities of the exporting country on application having been made in writing by the exporter or, under the exporter's responsibility, by his authorized representative.
2. For this purpose, the exporter or his authorized representative shall fill out both the EUR.1 movement certificate and the application form, specimens of which appear in Annex III. These forms shall be completed in one of the languages in which this Agreement is drawn up or in English language. If they are handwritten, they shall be completed in ink in printed characters. The description of the products must be given in the box reserved for this purpose 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. The exporter applying for the issue of an EUR.1 movement certificate shall be prepared to submit at any time, at the request of the customs authorities of the exporting country where the EUR.1 movement certificate is issued, all appropriate documents proving the originating status of the products concerned as well as the fulfillment of the other requirements of this Protocol.

4. An EUR.1 movement certificate shall be issued by the customs authorities of the Contracting Parties if the products concerned can be considered as products originating in the Contracting Parties and fulfill the other requirements of this Protocol.

5. The issuing customs authorities shall take any steps necessary to verify the originating status of the products and the fulfillment of the other requirements of this Protocol. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate.

The issuing customs authorities shall also ensure that the forms referred to in paragraph 2 are duly completed. In particular, they shall check whether the space reserved for the description of the products has been completed in such a manner as to exclude all possibility of fraudulent additions.

6. The date of issue of the EUR.1 movement certificate shall be indicated in box 11 of the certificate.

7. An EUR.1 movement certificate shall be issued by the customs authorities and made available to the exporter as soon as actual exportation has been effected or ensured.

#### Article 17

##### EUR.1 movement certificates issued retrospectively

1. Notwithstanding Article 16 (7), an EUR.1 movement certificate may exceptionally be issued after exportation of the products to which it relates if:

(a) it was not issued at the time of exportation because of errors or involuntary omissions or special circumstances; or

(b) it is demonstrated to the satisfaction of the customs authorities that an EUR.1 movement certificate was issued but was not accepted at importation for technical reasons.

2. For the implementation of paragraph 1, the exporter must indicate in his application the place and date of exportation of the products to which the EUR.1 movement certificate relates, and state the reasons for his request.

3. The customs authorities may issue an EUR.1 movement certificate retrospectively only after verifying that the information supplied in the exporter's application agrees with that in the corresponding file.

4. EUR.1 movement certificates issued retrospectively must be endorsed with one of the following phrases:

'NAKNADNO IZDANO'

"DOPOLNITELNO IZDADENO"

'ISSUED RETROSPECTIVELY'

5. The endorsement referred to in paragraph 4 shall be inserted in the 'Remarks' box of the EUR.1 movement certificate.

#### Article 18

Issue of a duplicate EUR.1 movement certificate

1. In the event of theft, loss or destruction of an EUR.1 movement certificate, the exporter may apply to the customs authorities which issued it for a duplicate made out on the basis of the export documents in their possession.

2. The duplicate issued in this way must be endorsed with one of the following words:

"DUPLIKAT"

"DUPLIKAT"

"DUPLICATE"

3. The endorsement referred to in paragraph 2 shall be inserted in the 'Remarks' box of the duplicate EUR.1 movement certificate.

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

#### Article 19

Issue of EUR.1 movement certificates on the basis of a proof of origin issued or made out previously

When originating products are placed under the control of a customs office in one of the Contracting Parties, it shall be possible to replace the original proof of origin by one or more EUR.1 movement certificates for the purpose of sending all or some of these products elsewhere within the Contracting Parties. The replacement EUR.1 movement certificate(s) shall be issued by the customs office under whose control the products are placed.

#### Article 20

Validity of proof of origin

1. A proof of origin shall be valid for four months from the date of issue in the exporting country, and must be

submitted within the said period to the customs authorities of the importing country.

2. Proofs of origin which are submitted to the customs authorities of the importing country 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 these documents by the final date set is due to exceptional circumstances.

3. In other cases of belated presentation, the customs authorities of the importing country may accept the proofs of

origin where the products have been submitted before the said final date.

#### Article 21

##### Submission of proof of origin

Proofs of origin shall be submitted to the customs authorities of the importing country in accordance with the procedures applicable in that country. The said authorities may require a translation of a proof of origin and may also require the import declaration to be accompanied by a statement from the importer to the effect that the products meet the conditions required for the implementation of the Agreement.

#### Article 22

##### Importation by installments

Where, at the request of the importer and on the conditions laid down by the customs authorities of the importing country, dismantled or non-assembled products within the meaning of General Rule 2 (a) of the Harmonized System falling within Sections XVI and XVII or heading Nos. 7308 and 9406 of the Harmonized System are imported by installments, a single proof of origin for such products shall be submitted to the customs authorities on importation of the first installment.

#### Article 23

##### Exemptions from proof of origin

1. Products sent as small packages from private persons to private persons or forming part of travellers' personal luggage shall be admitted as originating products without requiring the submission of a proof of origin, provided that such products are not imported by way of trade and have been declared as meeting the requirements of this Protocol and where there is no doubt as to the veracity of such a declaration. In the case of products sent by post, this declaration can be made on the customs declaration CN 23 (former C2/CP3) or on a sheet of paper annexed to that document.

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

3. Furthermore, the total value of these products shall not exceed ECU 215 in the case of small packages or ECU 600 in the case of products forming part of travellers' personal luggage.

#### Article 24

##### Supporting documents

The documents referred to in Articles 16 (3) used for the purpose of proving that products covered by an EUR.1 movement certificate can be considered as products originating in the Contracting Parties and fulfill the other

requirements of this Protocol may consist *inter alia* of the following:

- a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained for example in his accounts or internal bookkeeping;
- b) documents proving the originating status of materials used, issued or made out in the Contracting Parties where these documents are used in accordance with domestic law;
- c) documents proving the working or processing of materials in the Contracting Parties, issued or made out in the Contracting Parties, where these documents are used in accordance with domestic law;
- d) EUR.1 movement certificates proving the originating status of materials used, issued or made out in the Contracting Parties.

#### Article 25

Preservation of proof of origin and supporting documents

1. The exporter applying for the issue of an EUR.1 movement certificate shall keep for at least three years the documents referred to in Article 16 (3).
2. The customs authorities of the exporting country issuing an EUR.1 movement certificate shall keep for at least three years the application form referred to in Article 16 (2).
3. The customs authorities of the importing country shall keep for at least three years the EUR.1 movement certificates.

#### Article 26

Discrepancies and formal errors

1. The discovery of slight discrepancies between the statements made in the proof of origin and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not *ipso facto* render the proof of origin null and void if it is duly established that this document does correspond to the products submitted.
2. Obvious formal errors such as typing errors on a proof of origin should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.

#### Article 27

Amounts expressed in ECU

1. Amounts in the national currency of the exporting country equivalent to the amounts expressed in ECU shall be fixed by the exporting country and communicated to the importing country.
2. When the amounts exceed the corresponding amounts fixed by the importing country, the latter shall accept them if the products are invoiced in the currency of the exporting country.
3. The amounts to be used in any given national currency shall be the equivalent in that national currency of the

amounts expressed in ECU as at the first working day in October 1995.

4. The amounts expressed in ECU and their equivalents in the national currencies of the Contracting Parties shall be reviewed by the Joint Committee at the request of the Contracting Party. When carrying out this review, the Joint Committee shall ensure that there will be no decrease in the amounts to be used in any national currency and shall furthermore consider the desirability of preserving the effects of the limits concerned in real terms. For this purpose, it may decide to modify the amounts expressed in ECU.

## TITLE VI

### ARRANGEMENTS FOR ADMINISTRATIVE COOPERATION

#### Article 28

##### Mutual assistance

1. The customs authorities of the Contracting Parties shall provide each other, with specimen impressions of stamps used in their customs offices for the issue of EUR.1 movement certificates and with the addresses of the customs authorities responsible for verifying those certificates.
2. In order to ensure the proper application of this Protocol, the Contracting Parties shall assist each other, through the competent customs administrations, in checking the authenticity of the EUR.1 movement certificates and the correctness of the information given in these documents.

#### Article 29

##### Verification of proofs of origin

1. Subsequent verifications of proofs of origin shall be carried out at random or whenever the customs authorities of the importing country have reasonable doubts as to the authenticity of such documents, the originating status of the products concerned or the fulfillment of the other requirements of this Protocol.
2. For the purposes of implementing the provisions of paragraph 1, the customs authorities of the importing country shall return the EUR.1 movement certificate and the invoice, if it has been submitted, or a copy of these documents, to the customs authorities of the exporting country giving, where appropriate, the reasons for the inquiry. Any documents and information obtained suggesting that the information given on the proof or origin is incorrect shall be forwarded in support of the request for verification.
3. The verification shall be carried out by the customs authorities of the exporting country. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate.
4. If the customs authorities of the importing country decide to suspend the granting of preferential treatment to the

products concerned while awaiting the results of the verification, release of the products shall be offered to the importer subject to any precautionary measures judged necessary.

5. The customs authorities requesting the verification shall be informed of the results of this verification as soon as possible. These results must indicate clearly whether the documents are authentic and whether the products concerned can be considered as products originating in the Contracting Parties and fulfill the other requirements of this Protocol.

6. If in cases of reasonable doubt there is no reply within 10 months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products, the requesting customs authorities shall, except in exceptional circumstances, refuse entitlement to the preferences.

#### Article 30

##### Dispute settlement

Where disputes arise in relation to the verification procedures of Article 29 which cannot be settled between the customs authorities requesting a verification and the customs authorities responsible for carrying out this verification or where they raise a question as to the interpretation of this Protocol, they shall be submitted to the Joint Committee.

In all cases the settlement of disputes between the importer and the customs authorities of the importing country shall be under the legislation of the said country.

#### Article 31

##### Penalties

Penalties shall be imposed on any person who draws up, or causes to be drawn up, a document which contains incorrect information for the purpose of obtaining a preferential treatment for products.

#### Article 32

##### Free zones

1. The Contracting Parties shall take all necessary steps to ensure that products traded under cover of a proof of origin which in the course of transport use a free zone situated in their territory, are not substituted by other goods and do not undergo handling other than normal operations designed to prevent their deterioration.

2. By means of an exemption to the provisions contained in paragraph 1, when products originating in the Contracting Parties are imported into a free zone under cover of a proof of origin and undergo treatment or processing, the authorities concerned shall 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.

## TITLE 7

### FINAL PROVISIONS

#### Article 33

##### Amendments to the Protocol

The Joint Committee for co-operation may decide to amend the provisions of this Protocol.

#### Article 34

##### Annexes

The Annexes I through IV of this Protocol represent integral part thereof.

#### Article 35

##### Goods in transit or storage

The provisions of the Agreement may be applied to goods which comply with the provisions of this Protocol and which on the date of entry into force of the Agreement are either in transit or in temporary storage in bonded warehouses or in free zones in one of the Contracting Parties, subject to the submission to the customs authorities of the importing State, within four months of that date, of an EUR.1 certificate endorsed retrospectively by the competent authorities of the exporting State together with the documents showing that the goods have been transported directly.