

COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 25 January 1990

SEC(89)2128 final

Proposals for
COUNCIL DECISIONS
concerning

the conclusion of an Agreement between the European Economic
Community and the European Atomic Energy Community
and the Union of Soviet Socialist Republics
on trade and commercial and economic cooperation

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. The proposal for a Council Decision attached at (I) is the legal instrument for the conclusion, on behalf of the European Economic Community, of the Agreement between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics on trade and commercial and economic cooperation. By the proposal for a Council Decision attached at (II), the Council is asked to approve the agreement, in accordance with the second paragraph of Article 101 of the EAEC Treaty, for subsequent conclusion by the Commission on behalf of the European Atomic Energy Community.
2. Exploratory talks have been held between officials representing the Commission and the USSR since March 1988. The talks dealt in particular with the USSR's wish to conclude a framework agreement, providing for cooperation in a wide range of economic sectors.
3. On the basis of the negotiating directives given by the Council on 12 June this year, the Commission held three official negotiating sessions with the USSR between July and November, in addition to informal contacts. The finalised text attached to the proposal contains the following provisions:
 - a) the Community and the USSR formalise the existing practice of according each other most-favoured-nation treatment. The Community further undertakes to remove or liberalize the specific quantitative restrictions it applies to USSR exports by 31 December 1995 at the latest, subject to exceptions (Articles 3, 8-11, Annexes I and II);
 - b) the USSR undertakes to ensure non-discriminatory treatment of Community exports as regards the application of quantitative restrictions, the granting of licences and the allocation of currency (Article 5);
 - c) the USSR undertakes to facilitate, on a non-discriminatory basis, the operations of Community businessmen in the USSR for the purposes of commercial cooperation (Article 17 and Annex III);
 - d) economic cooperation is aimed, inter alia in the wide range of sectors listed in Article 20 (although this list is not exhaustive), at strengthening economic links, encouraging industrial cooperation, and contributing to the development of the Parties' respective economies;
 - e) Article 22 sets up a Joint Committee and defines its tasks: it is to ensure the proper functioning of the Agreement and recommend the measures it considers appropriate for achieving the Agreement's objectives.
 - f) The standard territorial clause used in Community agreements is included as Article 24.

4. There is also a Joint Declaration concerning Article 23, and an Exchange of Letters concerning the experimental arrangements for granting import licences in the Federal Republic of Germany ("Testausschreibung").
5. The procedures for signature and conclusion are different for the two Communities (EEC and EAEC).

As regards the signature, the Council approves the substance of the agreement on behalf of the EEC and authorises the appropriate persons to sign the agreement. The Commission signs the agreement on behalf of the EAEC.

As regards the conclusion:

- the Council, after consulting the Parliament, concludes the agreement on behalf of the EEC on the basis of Articles 113 and 235 of the EEC Treaty, by adopting the Decision at (I);
 - the Council approves the agreement on behalf of the European Atomic Energy Community, on the basis of the second paragraph of Article 101 of the EAEC Treaty, for subsequent conclusion by the Commission, by adopting the Decision at (II).
6. A separate agreement on trade in textiles between the Community and the USSR is still under negotiation. According to a declaration made by the Heads of the Community and USSR Delegations in the negotiations, the text of the attached agreement will be signed after or simultaneously with the textiles agreement.
 7. Taking the above into account, the Commission invites the Council to adopt the attached proposals.

TIMETABLE ANNEX

I. Title of document

Proposals for Council Decisions concerning the conclusion of an Agreement between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics on trade and commercial and economic cooperation.

II. Timetable

1. Approval by Commission: 29 November 1989
2. Discussion in Coreper: 13 December
3. (p.m.) Informal information of European Parliament (by the Council)
4. Council Decision approving agreement for signature on behalf of the EEC and Commission decision approving agreement for signature on behalf of the EAEC: by 18/19 December
5. Signature: 18/19 December
6. Consultation of European Parliament (by Council)
7. Conclusion of agreement:
 - by Council for EEC
 - by Commission for EAEC

Proposal for a Council Decision
on the conclusion of an Agreement between the
European Economic Community and the European Atomic Energy Community
and the Union of Soviet Socialist Republics
on trade and commercial and economic cooperation

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 113 and 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,⁽¹⁾

Whereas the conclusion by the European Economic Community of the Agreement between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics on trade and commercial and economic cooperation is necessary for the achievement of the Community's objectives in the field of external economic relations,

Whereas it appears that certain measures of economic cooperation provided for by the Agreement exceed the powers of action provided for in the Treaty, and in particular those specified in the field of the common commercial policy,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics on trade and commercial and economic cooperation is hereby approved on behalf of the European Economic Community.

The text of the Agreement is annexed to this Decision.

⁽¹⁾ Opinion adopted on, OJ No.....

Article 2

The President of the Council shall give the notification provided for in Article 25 of the Agreement⁽¹⁾.

Article 3

The Commission, assisted by representatives of the Member States, shall represent the Community in the Joint Committee set up by Article 22 of the Agreement.

Article 4

This Decision shall enter into force on the day following that of its publication in the Official Journal of the European Communities.

Done at

For the Council

The President

(1) The date of entry into force of the Agreement will be published in the Official Journal of the European Communities by the General Secretariat of the Council.

Proposal for a Council Decision
approving the Agreement between the European Economic Community
and the European Atomic Energy Community
and the Union of Soviet Socialist Republics
for the purpose of final conclusion by the Commission
on behalf of the European Atomic Energy Community

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular the second paragraph of Article 101 thereof,

Having regard to the proposal from the Commission,

Whereas the Commission has negotiated the Agreement between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics in accordance with the directives of the Council, and proposes to conclude the said agreement on behalf of the European Atomic Energy Community,

Whereas approval should be given for conclusion by the Commission of the said agreement on behalf of the said Community,

HAS DECIDED AS FOLLOWS:

Sole Article

The conclusion by the Commission of the Agreement between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics on behalf of the European Atomic Energy Community is hereby approved.

The text of the agreement is attached to this Decision.

Done at Brussels

For the Council

The President

26 November 1989

Draft

EC - USSR AGREEMENT

AGREEMENT

between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics on trade and commercial and economic cooperation

THE EUROPEAN ECONOMIC COMMUNITY, and

THE EUROPEAN ATOMIC ENERGY COMMUNITY,
hereinafter together called "The Community",

of the one part, and

THE UNION OF SOVIET SOCIALIST REPUBLICS,
hereinafter called "The USSR",

of the other part,

RECOGNIZING that the Community and the USSR desire to establish direct contractual relations with one another which will permit further development at a later stage,

CONSIDERING that the development of relations between the Contracting Parties will complement and extend bilateral relations between the Community's Member States and the USSR,

HAVING REGARD to the importance of giving full effect to the Final Act of the Conference on Security and Cooperation in Europe and the Concluding Documents of subsequent meetings of the CSCE Participating States,

DESIROUS of creating favourable conditions for the harmonious development and diversification of trade and the promotion of commercial and economic cooperation in areas of mutual interest on the basis of equality, mutual benefit and reciprocity,

BELIEVING that the volume and structure of trade between the Contracting Parties do not correspond to the potential represented by their current levels of economic development and their future prospects,

TAKING INTO ACCOUNT the favourable implications for trade and economic relations between the Contracting Parties of the economic restructuring under way in the USSR,

Recalling the Joint Declaration on the establishment of official relations between the Council for Mutual Economic Assistance and the European Economic Community,

HAVE DECIDED to conclude an Agreement on trade and commercial and economic cooperation between the European Economic Community and the European Atomic Energy Community, of the one part, and the Union of Soviet Socialist Republics, of the other part, and to this end have designated as their Plenipotentiaries:

THE EUROPEAN ECONOMIC COMMUNITY:

THE EUROPEAN ATOMIC ENERGY COMMUNITY:

THE UNION OF SOVIET SOCIALIST REPUBLICS:

WHO, having exchanged their full powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

TITLE I

GENERAL

Article 1

Within the framework of their respective laws and regulations, the Contracting Parties shall use their best endeavours to facilitate and promote

- the harmonious development and diversification of their trade, and
- the development of various types of commercial and economic cooperation.

To that end, they confirm their resolve to consider favourably, each for its own part, suggestions made by the other Party with a view to attaining these objectives.

TITLE II

TRADE AND COMMERCIAL COOPERATION

Article 2

1. *This Agreement shall apply to trade in all goods originating in the Community or in the USSR, with the exception of the products covered by the Treaty establishing the European Coal and Steel Community.*

2. *This agreement shall not affect the provisions of the Agreement between the European Economic Community and the USSR on trade in textile products signed on Including any exchange of letters, any other arrangements concluded in connection therewith and any agreements on trade in textile products subsequently concluded, for the period of application of these agreements.*

Article 3

1. *The Contracting Parties shall accord to one another most favoured nation treatment in all areas in respect of:*
 - *customs duties and charges applied to imports and exports, including the method of collecting such duties and charges;*
 - *provisions relating to customs clearance, transit, warehouses and transshipment;*
 - *taxes and other internal charges of any kind applied directly or indirectly to imported goods;*
 - *methods of payment and the transfer of such payments;*
 - *the rules relating to the sale, purchase, transport, distribution and use of goods on the domestic market.*

2. The provisions of paragraph 1 shall not apply to:

- (a) advantages granted with the aim of creating a customs union or a free-trade area or pursuant to the creation of such a union or area;
- (b) advantages granted to particular countries in accordance with the General Agreement on Tariffs and Trade and with other international arrangements in favour of developing countries;
- (c) advantages granted to neighbouring countries to facilitate frontier-zone trade.

Article 4

The Contracting Parties undertake to allow relief from duties, taxes and other charges, and to grant licences in respect of goods temporarily remaining in their territories for re-exportation either in the unaltered state or after inward processing.

Article 5

The USSR shall grant imports of products originating in the Community non-discriminatory treatment as regards the application of quantitative restrictions, the granting of licences and the allocation of the currency needed to pay for such imports.

Article 6

Unless otherwise specified in this Agreement, trade and other commercial cooperation between the Contracting Parties shall be conducted in accordance with their respective regulations.

Article 7

Without prejudice to the provisions of Article 5, each Contracting Party shall accord the highest possible degree of liberalization to imports of the other's products. The process of liberalization shall take account of the development of trade between the contracting parties, market conditions, changes in the rules concerning trade in the Community or in the USSR and progress made in implementing the Agreement.

Article 8

To this end the Community undertakes:

- to make efforts to ensure progress towards the progressive abolition of "specific quantitative restrictions", namely those quantitative restrictions applied to imports originating in the USSR under Regulation (EEC) N° 3420/83 which concern products other than those to which quantitative restrictions are applied under Regulation (EEC) N° 288/82;
- to eliminate, within one year of the entry into force of the Agreement, quantitative restrictions on imports into those regions of the Community and of those products listed in Annex I;
- to suspend, within one year of the entry into force of the Agreement, the application of quantitative restrictions on imports into those regions of the Community and of those products listed in Annex II on the terms and conditions specified therein.

Article 9

As regards the specific quantitative restrictions not contained in Annexes I and II, the Contracting Parties shall examine before 30 June 1992 in the framework of the Joint Committee referred to in Article 22, the further changes which can be made in the then existing import arrangements. The changes to be considered may include any of the following measures :

- liberalization,

- liberalization with surveillance of imports,
- adoption of appropriate measures by the USSR such as the issue of export licences or certificates to ensure that exports remain within specified levels,
- measures that may be required to adapt existing Community import arrangements.

Article 10

1. For each calendar year, the Community shall open import quotas for products which are of interest for the USSR and which are subject to quantitative restrictions.
2. The Contracting Parties shall hold consultations each year in the Joint Committee provided for in Article 22 to determine what increases can be made in the quotas referred to in paragraph 1 and whether quotas can be opened for other products for the following year.

Article 11

1. The Community undertakes to abolish by 31 December 1995 at the latest the remaining specific quantitative restrictions with the exception of those concerning a limited number of products which might be deemed sensitive at that time.
2. The Joint Committee set up pursuant to Article 22 shall during its meeting in 1995 draw up the arrangements which shall apply for a prescribed period after 31 December 1995 to the imports of the sensitive products referred to in paragraph 1.

Article 12

Imports into the Community of products covered by this Agreement shall not be charged against the quotas referred to in Article 10 where they are declared as being intended for re-export and are actually re-exported from the Community either in the unaltered state or after inward processing, under the administrative control arrangements in force in the Community.

Article 13

The Parties shall inform one another of any changes in their tariff or statistical nomenclature or of any decision taken in accordance with the procedures in force concerning the classification of products covered by this Agreement.

Article 14

Goods shall be traded between the Contracting Parties at market-related prices.

Article 15

1. The Contracting Parties shall try to avoid conflict situations requiring safeguard measures in mutual trade. If nevertheless problems arise in trade between the Contracting Parties, the Parties shall open consultations not later than 30 days after the submission by one of them of an appropriate request within the framework of the Joint Committee set up in accordance with Article 22 of this Agreement. Such consultations will aim at seeking mutually satisfactory solutions to these problems. Each Contracting Party will ensure that except in critical circumstances, as defined in paragraph 4, no action is taken before consultations are held.
2. In particular, the provisions of paragraph 1 shall apply if any product is being imported into the territory of one of the Parties in such increased quantities or under such conditions as to cause or threaten to cause injury to domestic producers of like or directly competitive products. In this case the Contracting Party requesting the consultations shall provide the other Party with all the information required for a detailed examination of the situation.
3. If as a result of the consultations the Parties do not reach agreement on actions to avoid the situation, the Party which requested consultations shall be free to restrict the imports of the products concerned to the extent and for such time as is necessary to prevent or remedy the injury. The other Contracting Party shall then be free to deviate from its obligations towards the first Party in respect of substantially equivalent trade.

4. In critical circumstances where delay would cause damage difficult to repair the Parties may take safeguard actions provisionally before the consultations, on the condition that consultations shall be effected immediately after taking such action.
5. In the selection of measures under this Article the Parties shall give priority to those which cause least disturbance to the achievement of the goals of the Agreement.

Article 16

1. The Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, law and order or public security, the protection of life and health of humans, animals or plants, the protection of industrial, commercial and intellectual property, or rules relating to gold or silver or imposed for the protection of national treasures of artistic, historic or archaeological value.

Such prohibitions and restrictions must not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.

2. The Agreement shall not preclude the taking of action justified on grounds of protection of essential security interests :
 - i) relating to fissionable materials or the materials from which they are derived;
 - ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;
 - iii) taken in time of war or other emergency in international relations.

TITLE III

COMMERCIAL AND ECONOMIC COOPERATION

Article 17

1. *The Contracting Parties shall make every effort to promote, expand and diversify their trade. The Joint Committee set up by Article 22 of this Agreement shall attach special importance to ways of encouraging the reciprocal and harmonious expansion of trade.*

2. *The Contracting Parties undertake to facilitate exchanges of commercial and economic information on all matters which would assist the development of trade and economic co-operation.*

To this end the Contracting Parties agree to ensure the publication of comprehensive data on commercial and financial issues, including production, consumption and foreign trade statistics.

3. *The Contracting Parties undertake to facilitate co-operation between their respective customs services, in particular in the following areas:*

- vocational training;*
- simplification of customs documentation and procedures; and*
- within the limits of their respective competences, administrative cooperation in order to prevent and detect infringements of the rules on customs matters, including the rules governing application of import quotas.*

4. The Contracting Parties, within the limits of their respective powers, undertake to facilitate their trade and economic cooperation, inter alia, by the following:
- encouraging trade promotion activities in favour of their enterprises, including advertising, consulting, factoring and other business services;
 - providing natural and legal persons of the other Party with guarantees of their individual and property rights, including non-discriminatory access for that purpose to courts and appropriate administrative bodies of the Community and the USSR;
 - encouraging contacts between business associations of the USSR and the Community.
5. The Contracting Parties will encourage forms of trade compatible with the efficient conduct of international business relations and will also encourage business partners to decide independently upon their trading patterns.

The Contracting Parties therefore agree that counter-trade practices should be regarded as temporary and exceptional. They further agree not to compel companies established in the Community or in the USSR to engage in such trade practices. Nevertheless, where firms or companies decide to resort to counter-trade operations, the Contracting Parties will encourage them to furnish all relevant information to facilitate the transaction.

6. In furtherance of the aims of this Article, the Contracting Parties agree to maintain and improve favourable business regulations, facilities and practices for each other's firms or companies on their respective markets, inter alia as indicated in Annex III.

Article 18

Within the limits of their respective powers, the Contracting Parties:

- shall encourage the adoption of arbitration for the settlement of disputes arising out of commercial and cooperation transactions concluded by firms, enterprises and economic organizations of the Community and those of the USSR,

- agree that where a dispute is submitted to arbitration, each party to the dispute may, except where the rules of the arbitration centre chosen by the parties provide otherwise, choose its own arbitrator, irrespective of his nationality, and that the presiding third arbitrator or the sole arbitrator may be a citizen of a third State,
- will recommend to their economic operators to choose by mutual consent the law applicable to their contracts,
- shall encourage recourse to the arbitration rules elaborated by the United Nations Commission on International Trade Law (Uncitral) and to arbitration by any centre of a State signatory to the Convention on Recognition and Enforcement of Foreign Arbitral Awards done at New York on 10 June 1958.

Article 19

Within the limits of their respective powers, the Contracting Parties undertake:

- to ensure adequate protection and enforcement of industrial, commercial and intellectual property rights
- to ensure that their international commitments in the field of industrial, commercial and intellectual property rights are honoured
- to encourage appropriate arrangements between undertakings and institutions within the Community and the USSR with a view to due protection of industrial, commercial and intellectual property rights.

TITLE IV

ECONOMIC COOPERATION

Article 20

1. *In the light of their respective economic policies and objectives, the Contracting Parties shall foster economic cooperation on as broad a base as possible in all fields deemed to be in their mutual interest.*

Such co-operation shall be aimed in particular at:

- strengthening and diversifying economic links between the Contracting Parties, taking into consideration the complementarity of their economies;*
- contributing to the development of their respective economies and standards of living;*
- opening up new sources of supply and new markets;*
- encouraging co-operation between economic operators, with a view to promoting investment and joint ventures, licensing agreements and other forms of industrial co-operation to develop their respective industries;*
- encouraging participation of small and medium-sized enterprises in trade and co-operation;*
- encouraging environmentally sound policies;*
- encouraging scientific and technological progress.*

2. In order to achieve these objectives, the Contracting Parties shall encourage economic co-operation in areas of mutual interest, and in particular in the following areas:

- statistics;
- standardization;
- industry;
- raw materials and mining;
- agriculture, including the food-processing industries;
- environmental protection and the management of natural resources;
- energy, including nuclear energy and nuclear safety (physical safety and radiation protection);
- science and technology in areas in which the Contracting Parties are active and which they consider to be of mutual interest, including nuclear research;
- economic, monetary, banking, insurance and other financial services;
- transport, tourism and other service activities;
- management and vocational training.

3. To give effect to the objectives of economic cooperation and within the limits of their respective powers and in accordance with their respective laws and policies, the Contracting Parties shall encourage the adoption of measures aimed at creating favourable conditions for economic and industrial co-operation, in particular by:

- facilitating exchanges and contacts between persons and delegations representing commercial, economic, business or other appropriate organizations;
- encouraging and facilitating trade promotion activities, such as the organization of seminars, fairs and exhibitions;
- facilitating the conduct of market research and other marketing activities on their respective territories;

- promoting activities involving the provision of technical expertise in appropriate areas;
- promoting the exchange of information and contacts on scientific subjects of mutual interest;
- fostering a favourable climate for investment, joint ventures and licensing arrangements, notably by the extension by the Community Member States and the USSR of arrangements for investment promotion and protection, in particular for the transfer of profits and repatriation of invested capital, on the basis of the principles of non-discrimination and reciprocity.

Article 21

Without prejudice to the relevant provisions of the Treaties establishing the European Communities, this Agreement and any action taken thereunder shall in no way affect the powers of the Member States of the Community to undertake bilateral activities with the USSR in the field of economic co-operation and to conclude, where appropriate, new economic co-operation agreements with the USSR.

TITLE V

JOINT COMMITTEE

Article 22

1. a) *A joint committee shall be set up comprising representatives of the Community, on the one hand, and representatives of the USSR, on the other.*
 - b) *The joint committee shall formulate recommendations by mutual consent.*
 - c) *The joint committee shall, as necessary, adopt its own rules of procedure and programme of work.*
 - d) *The joint committee shall meet once a year in Brussels and Moscow alternately. Special meetings may be convened by mutual agreement, at the request of either Contracting Party. The office of chairman of the Joint Committee shall be held alternately by each of the Contracting Parties. Wherever possible, the agenda for meetings of the joint committee shall be agreed beforehand.*
2. a) *The joint committee shall ensure the proper functioning of this Agreement and shall devise and recommend measures for achieving its objectives, keeping in view the economic and social policies of the Contracting Parties.*
 - b) *The joint committee shall endeavour to find ways of encouraging the development of trade and commercial and economic cooperation between the Contracting Parties. In particular, it shall:*
 - *examine the various aspects of trade between the Parties, notably its overall pattern, rate of growth, structure and diversification, the trade balance and the various forms of trade and trade promotion,*

- *make recommendations on any commercial or economic cooperation problem of mutual concern,*
- *seek appropriate means of avoiding possible difficulties in the fields of trade and cooperation and encourage various forms of commercial and economic cooperation in areas of mutual interest,*
- *consider measures likely to develop and diversify trade and economic cooperation, notably by improving import opportunities in the Community and in the USSR,*
- *exchange information on macro-economic plans and, where they exist, foreign trade plans and forecasts for the economies of the Parties which have an impact on trade and cooperation and, by extension, on the scope for developing complementarity between their respective economies and also on proposed economic development programmes,*
- *exchange information about amendments and developments in the laws, regulations and formalities of the Contracting Parties in the areas covered by this Agreement;*
- *seek methods of arranging and encouraging the exchange of information and contacts in matters relating to cooperation in the economic field between the Contracting Parties on a mutually advantageous basis, and work towards the creation of favourable conditions for such cooperation,*
- *examine favourably ways of improving conditions for the development of direct contacts between firms established in the Community and those established in the USSR,*
- *formulate and submit to the authorities of the Contracting Parties recommendations for solving any problems that arise, where appropriate by concluding arrangements or agreements.*
- *examine the situation with regard to the award of contracts for the supply of goods or services consequent upon international invitations to tender.*

TITLE VI

GENERAL AND FINAL PROVISIONS

Article 23

Subject to the provisions concerning economic cooperation in Article 21, the provisions of this Agreement shall replace the provisions of the Agreements concluded between the Member States of the Community and the USSR, to the extent to which the latter provisions are either incompatible with, or identical to, the former.

Article 24

This Agreement shall apply, on the one hand, to the territories in which the Treaties establishing the European Economic Community and the European Atomic Energy Community are applied and under the conditions laid down in those Treaties and, on the other hand, to the territory of the Union of Soviet Socialist Republics.

Article 25

1. *This Agreement shall enter into force on the first day of the second month following the date on which the Contracting Parties have notified each other that the legal procedures necessary to this end have been completed. The Agreement shall be concluded for an initial period of ten years. The Agreement shall be automatically renewed year by year provided that neither Contracting Party gives the other Party written notice of denunciation of the Agreement six months before it expires.*

The Contracting Parties may expand and/or amend this Agreement or elaborate further on its specific provisions by mutual consent in order to take account of new developments.

2. *The Annexes, the Joint Declaration and the exchange of letters attached to this Agreement shall form an integral part thereof.*

Article 26

This Agreement shall be drawn up in duplicate in the Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish and Russian languages, each text being equally authentic.

Annex 1

List of products and regions of the Community referred to in Article 8,
second indent

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2209 00 99	2907 23 10	60 00 80 00	93	90 99 10
2402 10 00	2912 11 00 12 00	90 00	3907 20 19	39 50
2523 10 00 21 00 30 00 90 10 30	50 00 60 00	3105 60 10 90 10	3920 73 10	91 95 99
	2918 30 00	3206 49 10	4104 31 90 39 90	
	2921 12 00 19 30	3602 00 00	4410 10 30	6403 11 00 30 00 51 11
2529 21 00 22 00 30 00	30 10 51 90 59 00	3603 00 10	4418 30 10 90	91 59 11 91 11
2704 00 11 90	2922 12 00 49 10	3604 10 00 90 00	4501 10 00 19 00	91 99 31
2815 12 00	2929 10 00	3606 10 00 90 10 90	4502 00 00	6601 99 10 90
2818 30 00	2932 11 00	3701 20 00	4802 30 00	
2824 10 00 90 00	2933 11 10 61 00	3801 30 00	4804 19 39 29 10 31 10	6904 10 00 90 00
2833 22 00 30 10	79 00 90 50 60	3808 30 30 90	39 10	6908 90 51 91
2840 30 00	70	3811 21 00	4805 40 00 50 00 80 11	6912 00 30
2841 20 00	2934 90 40 50	3816 00 00	4808 20 00 30 00	7003 20 10 90
2849 10 00 90 90	60 80	3818 00 10		7004 10 30 90 50
2903 14 00 30 10 31	2936 26 00	3819 00 00	4814 20 00	7005 30 00
	3003 20 00	3823 20 00 30 00	6401 10 10 90	7016 90 30

7604 10 10	8443 11 00
90	21 00
21 00	29 00
	30 00
7606 11 10	40 00
91	
93	8452 40 00
99	
12 10	8543 80 10
50	
92 00	8545 11 00
	19 10
7607 11 10	90 10
90	
19 10	8546 90 10
90	
20 10	8701 20 10
90	
	8705 40 00
7608 10 10	
91	8710 00 00
99	
20 10	8714 20 00
30	91 30
91	92 10
99	90
	93 10
7609 00 00	96 10
	30
7803 00 00	99 10
	30
7804 11 00	50
19 00	
	9306 30 30
7805 00 00	90 10
7902 00 00	
7903 90 00	
7904 00 00	
7905 00 19	
7906 00 00	
8408 10 21	
25	
90 31	

United Kingdom

0701 90 10
51
59

3605 00 00

Notes to Annex I, explaining the partial liberalisation of certain products

- | | | |
|----|---------------|----------------------------------|
| 1) | ex 7017 20 00 | laboratory glassware |
| | ex 90 00 | |
| 2) | ex 8501 20 10 | Motors of an output exceeding |
| | to 53 99 | 0,75 kW but not exceeding 150 kW |
| 3) | ex 3909 10 00 | Urea glues |

ANNEX II

List of products and regions of the Community referred to in Article 8,
third indent

The schemes for the suspension of quantitative restrictions referred to below have been established in order to permit the import of the products concerned without a quantitative limit on an experimental and temporary basis. In consequence, in particular instances, as a result of USSR exports to the regions of the Community concerned, market trends may make it necessary for the Community to discontinue this practice; in this event, the USSR will be informed to this effect immediately.

A. Benelux: (automatic licensing arrangements - TLA)

	0701 90 59		Textile categories
			125A
ex	7004 90 95 (1)		ex 126 (2)
	99		127A
			148A
	7010 90 10		149A
	21		149B
	31		149C
	45		
	47		
	55		
	57		
	71		
	81		
	87		
	99		

B. France: (system without quantitative limits - SLQ)

7601 10 00
20 10
20 90

C. Italy: (automatic licensing arrangements - TLA)

4411 11 00	4804 51 10	7005 10 10	7016 90 10
19 00	52 10	31	
21 00	59 10	33	8443 12 00
29 00		35	19 11
31 00	4910 00 00	91	19
39 00		93	90
91 00		95	50 19
99 00	7003 11 90	21 10	90
	19 90	20	90 00
4804 11 11	30 00	30	
15		40	
19		50	
19 11		90	
15	7004 10 50	29 10	
19	90	31	
31	90 70	33	
35	91	35	
21 10	93	91	
39 51	95	93	
59	99	95	
41 10			
42 10			
49 10			

Notes to Annex II, explaining the suspension of a partial restriction on certain products

- 1) ex 7004 90 95: glass for polishing
- 2) ex category 126: all CN codes except 5502 00 10, 5502 00 90

ANNEX III

DECLARATION OF THE USSR ON THE IMPLEMENTATION OF ARTICLE 17 (6) OF THE AGREEMENT

Bearing in mind the provisions of the Final Act of the Conference on Security and Co-operation in Europe and the Concluding Documents of the subsequent meetings of the CSCE Participating States, and in the context of its economic reforms, the USSR, within the limits of its powers, undertakes, in order to facilitate commercial and economic cooperation and to encourage mutual trade, to take measures such as:

- a) facilitating the entry, stay and movement of Community businessmen in the USSR;*
- b) facilitating direct access of Community businessmen to business contacts and end-users in the USSR;*
- c) facilitating, on a non-discriminatory basis and on the basis of non-discriminatory prices, the establishment and operation of representative offices of Community firms in the USSR, including the renting of commercial premises and living space, the acquisition of equipment and transport facilities, access to telecommunications, utilities and social services;*
- d) facilitating on a non-discriminatory basis the free recruitment of local staff required by such firms;*
- e) not encouraging barter transactions by firms established in the USSR;*
- f) centralizing licensing in the USSR within one competent state body in order to ensure the proper implementation of the provisions of Article 5 of this Agreement.*

Joint Declaration of the Community and the USSR concerning Article 23

It is understood that the Agreements concluded between the Member States of the Community and the USSR, referred to in Article 23, may include inter alia agreements on trade and navigation.

AGREEMENT

In the form of an Exchange of Letters between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics concerning "Testausschreibung"

A. Letter from the Community

The Head of the Delegation
of the European Economic Community
and of the European Atomic Energy Community

Sir,

Since the beginning of 1980, a new import scheme aimed at subsequent liberalization ("Testausschreibung") has been introduced by the Federal Republic of Germany covering almost half of the industrial products still subject to quantitative restrictions (apart from textile and steel products). This scheme provides on an experimental and temporary basis for the issue of import licences above and beyond the limits set by the quotas.

The "Testausschreibung" is intended to permit an assessment, in the course of future years, of the sectors in which quantitative restrictions on imports of industrial products might be removed. During the examination of the results of the "Testausschreibung", the particular importance which the USSR attaches to the expansion of economic relations and the USSR's contractual relations with the Community will be taken into consideration.

In the event that, in particular instances, as a result of USSR exports to the Federal Republic of Germany, market trends make it necessary to discontinue this practice, the USSR will be informed to this effect immediately and prior consultation may take place if the USSR so requests.

I should be obliged if you would confirm that your Government is in agreement with the above.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Commission
and the Council
of the European Communities

To the Head of the Delegation of
the Union of Soviet Socialist Republics

B. Letter from the USSR

Brussels,

Sir,

I have the honour to acknowledge receipt of your letter of today which reads as follows:

"Since the beginning of 1980, a new import scheme aimed at subsequent liberalization ("Testausschreibung") has been introduced by the Federal Republic of Germany covering almost half of the industrial products still subject to quantitative restrictions (apart from textile and steel products). This scheme provides on an experimental and temporary basis for the issue of import licences above and beyond the limits set by the quotas.

The "Testausschreibung" is intended to permit an assessment, in the course of future years, of the sectors in which quantitative restrictions on imports of industrial products might be removed. During the examination of the results of the "Testausschreibung", the particular importance which the USSR attaches to the expansion of economic relations and the USSR's contractual relations with the Community will be taken into consideration.

In the event that, in particular instances, as a result of USSR exports to the Federal Republic of Germany, market trends make it necessary to discontinue this practice, the USSR will be informed to this effect immediately and prior consultation may take place if the USSR so requests.

I should be obliged if you would confirm that your Government is in agreement with the above."

I have the honour to confirm that my Government is in agreement with the contents of your letter.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Government
of the U.S.S.R.

To the Head of the Delegation
of the European Economic Community
and of the European Atomic Energy Community