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I

(Acts whose publication is obligatory)

**COUNCIL REGULATION (EC) No 1146/2001
of 11 June 2001
concerning certain restrictive measures in respect of Liberia**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 301 thereof,

Having regard to Council Common Position 2001/357/CFSP of 7 May 2001 concerning restrictive measures against Liberia ⁽¹⁾,

Having regard to the proposal from the Commission,

Whereas:

- (1) On 7 March the United Nations Security Council adopted Resolution 1343(2001), hereinafter referred to as UNSCR 1343(2001), voicing serious concern at the role played by Liberian authorities in respect of the conflict in Sierra Leone.
- (2) The Security Council decided *inter alia* that all States should take the necessary measures to prevent Liberia from being provided with technical training or assistance to military activities related to the provision, manufacture, maintenance or use of arms and related material. On 4 May 2001 the Security Council established that the Liberian authorities did not comply with the requests from the UNSC. The necessary measures should therefore also be taken to prevent the imports of rough diamonds from Liberia, whether or not such diamonds originate in Liberia.
- (3) Some of these measures fall under the scope of the Treaty and, therefore, notably with a view to avoiding distortion of competition, Community legislation is necessary to implement the relevant decisions of the Security Council as far as the territory of the Community is concerned. For the purpose of this Regulation, the territory of the Community is deemed to encompass the territories of the Member States to which the Treaty is applicable, under the conditions laid down in that Treaty.
- (4) The Commission and the Member States should inform each other of the measures taken under this Regulation and of other relevant information at their disposal in connection with this Regulation, and cooperate with the Committee established by paragraph 14 of UNSCR 1343(2001), in particular by supplying information to it.

- (5) Violations of the provisions of this Regulation should be subject to sanctions and Member States should impose appropriate sanctions to that end. It is, moreover, desirable that sanctions for violations of the provisions of this Regulation can be imposed as from the date of entry into force of this Regulation and that Member States institute proceedings against any persons, entities or bodies under their jurisdiction that have violated any of the said provisions,

HAS ADOPTED THIS REGULATION:

Article 1

1. Without prejudice to the powers of the Member States in the exercise of their public authority, it shall be prohibited to provide Liberia with technical training or assistance related to the provision, manufacture, maintenance or use of arms and related material of all types including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and spare parts for the aforementioned.
2. The prohibition referred to in paragraph 1 shall not apply in cases where the Committee established by paragraph 14 of UNSCR 1343(2001) has granted an exemption in advance. Such exemptions shall be obtained through the competent authorities of the Member States listed in Annex II to this Regulation.

Article 2

1. The direct or indirect import into the Community of all rough diamonds as defined in Annex I from Liberia, whether originating there or not, shall be prohibited.
2. The Commission is hereby authorised to amend Annex I in order to bring it into line with changes that may be made to the Combined Nomenclature.

Article 3

Without prejudice to the rights and obligations of the Member States under the Charter of the United Nations, the Commission shall maintain all necessary contacts with the Committee established by paragraph 14 of UNSCR 1343(2001) for the purpose of the effective implementation of this Regulation.

⁽¹⁾ OJ L 126, 8.5.2001, p. 1.

Article 4

The Commission and the Member States shall immediately inform each other of the measures taken under this Regulation and shall supply each other with relevant information at their disposal in connection with this Regulation, in particular information in respect of violation and enforcement problems and judgments handed down by national courts.

Article 5

This Regulation shall apply notwithstanding any rights conferred, or obligations imposed, by any international agreement signed or any contract entered into or any licence or permit granted before the entry into force of this Regulation.

Article 6

1. Each Member State shall determine the sanctions to be imposed where the provisions of this Regulation are infringed. Such sanctions shall be effective, proportionate and dissuasive.

Pending the adoption, where necessary, of any legislation to this end, the sanctions to be imposed where the provisions of this Regulation are infringed, shall be those determined by the Member States in order to give effect to Article 13 of Regulation (EC) No 467/2001 ⁽¹⁾.

2. Each Member State shall be responsible for bringing proceedings against any natural or legal person, entity or body under its jurisdiction, in cases of violation of any of the prohibitions laid down in this Regulation by such person, entity or body.

Article 7

This Regulation shall apply

- within the territory of the Community, including its airspace,
- on board any aircraft or any vessel under the jurisdiction of a Member State,
- to any person elsewhere who is a national of a Member State, and
- to any legal person, entity or body which is incorporated or constituted under the law of a Member State.

Article 8

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

This Regulation shall cease to apply on 8 May 2002.

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

Done at Luxembourg, 11 June 2001.

For the Council

The President

A. LINDH

⁽¹⁾ OJ L 67, 9.3.2001, p. 1.

ANNEX I

Rough diamonds referred to in Article 2

CN code	Product description
ex 7102 10 00	Unsorted diamonds, unworked and not mounted or set
7102 21 00	Industrial diamonds, unworked or simply sawn, cleaved or bruted
7102 31 00	Non-industrial diamonds, unworked or simply sawn, cleaved or bruted
7105 10 00	Dust and powder of diamonds

ANNEX II

List of competent authorities referred to in Article 1(2)

(to be revised where necessary)

BELGIUM

Ministère des affaires étrangères, du commerce extérieur et de la coopération au développement
Egmont 1
Rue des Petits Carmes 19
B-1000 Bruxelles

Direction des relations économiques et bilatérales extérieures

- (a) Service Afrique du Sud du Sahara (B.22)
Tel. (32-2) 501 85 77
- (b) Coordination de la politique commerciale (B.40)
Tel. (32-2) 501 83 20
- (c) Service transports (B.42)
Tel. (32-2) 501 37 62
Fax (32-2) 501 88 27

Ministère des affaires économiques
ARE 4 o division, service des licences
Avenue du Général Leman 60
B-1040 Bruxelles
Tel. (32-2) 206 58 16/27
Fax (32-2) 230 83 22

Ministère des finances
Trésorerie
Avenue des Arts 30
B-1040 Bruxelles
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DENMARK

Justitsministeriet
Slotholmsgade 10
DK-1216 København K
Tel. (45) 33 92 33 40
Fax (45) 33 93 35 10

Erhvervsfremme Styrelsen
Dahlerups Pakhus
Langelinie Allé 17
DK-2100 København O
Tel. (45) 35 46 60 00
Fax (45) 35 46 60 01

Udenrigsministeriet
Asiatisk Plads 2
DK-1402 København K
Tel. (45) 33 92 00 00
Fax (45) 32 54 05 33

GERMANY

Bundesamt für Wirtschaft und Ausfuhrkontrolle (BAFA)
Frankfurter Straße 29-35
D-65760 Eschborn

GREECE

Ministry of Foreign Affairs
Ambassador Nikolaos Chatoupis
Directorate A7
Tel. (301) 361 00 12
Fax (301) 361 00 96/645 00 49
Zalokosta 1
GR-106 71 Athens

Ministry of National Economy
Secretariat-General for International Economic Relations
Directorate-General for External
Economic and Trade Relations
Director Th. Vlassopoulos
Tel. (301) 32 86 401-3
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Directorate of Procedure of External Trade Directors:
I. Tseros
Tel. (301) 32 86 021/23
Fax (301) 32 86 059

A. Iglessis
Tel. (301) 32 86 051
Fax (301) 32 86 094
Ermou and Kornarou 1
GR-105 63 Athens

SPAIN

Ministerio de Economía
Dirección General de Comercio e Inversiones
Paseo de la Castellana, 162
E-28046 Madrid
Tel. (34) 913 49 39 83
Fax (34) 913 49 35 62

FRANCE

Ministère de l'économie, des finances et de l'industrie
Direction générale des douanes et des droits indirects
Cellule embargo — Bureau E2
Tel. (33) 144 74 48 93
Fax (33) 144 74 48 97

Ministère des affaires étrangères
Direction des Nations unies et des organisations internationales
Tel. (33) 143 17 59 68
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IRELAND

Department of Foreign Affairs
Bilateral Economic Relations Section
76-78 Harcourt Street
Dublin 2
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Tel. (353-1) 40 82 492
Fax (353-1) 47 85 927

ITALY

Ministero degli Affari esteri
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Roma
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Ministero del Commercio estero
Gabinetto
Roma
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Fax (0039) 06 59 64 74 94

Ministero dei Trasporti
Gabinetto
Roma
Tel. (0039) 06 44 26 71 16/06 84 90 40 94
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LUXEMBOURG

Ministère des affaires étrangères
Direction des relations économiques internationales et de la coopération
BP 1602
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NETHERLANDS

Ministerie van Buitenlandse Zaken
Directie Verenigde Naties
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2594 AC Den Haag
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AUSTRIA

Bundesministerium für wirtschaftliche Angelegenheiten
Abteilung II/A/2
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Bundesministerium für Wissenschaft und Verkehr
Oberste Zivilluftfahrtbehörde (OZB)
Radetzkystraße 2
A-1030 Wien

Österreichische Nationalbank
Otto Wagner Platz 3
A-1090 Wien
Tel. (01) 40 420

PORTUGAL

Ministério dos Negócios Estrangeiros
Direcção-Geral dos Assuntos Multilaterais — SPM
Largo do Rivas
P-1399-030 Lisboa
Tel. (351) 213 94 67 02
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Ministério das Finanças
Direcção-Geral dos Assuntos Europeus e Relações Internacionais
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FINLAND

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Foreign Ministry
ERS
S-103 33 Stockholm
Tel. (46) 8 405 10 00
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UNITED KINGDOM

Sanctions Unit
United Nations Department
Foreign and Commonwealth Office
King Charles Street
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SW1A 2AH
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Fax (44-207) 72 70 14 73

COMMISSION REGULATION (EC) No 1147/2001
of 12 June 2001
establishing the standard import values for determining the entry price of certain fruit and vegetables

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Commission Regulation (EC) No 3223/94 of 21 December 1994 on detailed rules for the application of the import arrangements for fruit and vegetables ⁽¹⁾, as last amended by Regulation (EC) No 1498/98 ⁽²⁾, and in particular Article 4(1) thereof,

Whereas:

- (1) Regulation (EC) No 3223/94 lays down, pursuant to the outcome of the Uruguay Round multilateral trade negotiations, the criteria whereby the Commission fixes the standard values for imports from third countries, in respect of the products and periods stipulated in the Annex thereto.

- (2) In compliance with the above criteria, the standard import values must be fixed at the levels set out in the Annex to this Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

The standard import values referred to in Article 4 of Regulation (EC) No 3223/94 shall be fixed as indicated in the Annex hereto.

Article 2

This Regulation shall enter into force on 13 June 2001.

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

Done at Brussels, 12 June 2001.

For the Commission
Franz FISCHLER
Member of the Commission

⁽¹⁾ OJ L 337, 24.12.1994, p. 66.

⁽²⁾ OJ L 198, 15.7.1998, p. 4.

ANNEX

to the Commission Regulation of 12 June 2001 establishing the standard import values for determining the entry price of certain fruit and vegetables

(EUR/100 kg)

CN code	Third country code ⁽¹⁾	Standard import value
0702 00 00	052	82,4
	999	82,4
0707 00 05	052	65,3
	068	68,6
	999	66,9
0709 90 70	052	84,3
	388	70,2
	624	65,1
	999	73,2
0805 30 10	388	69,5
	528	63,6
	624	60,5
	999	64,5
0808 10 20, 0808 10 50, 0808 10 90	388	92,3
	400	105,8
	404	79,3
	508	83,8
	512	90,1
	524	69,8
	528	74,9
	720	95,2
	804	92,7
	999	87,1
0809 10 00	052	222,3
	999	222,3
0809 20 95	052	386,6
	064	138,6
	400	284,3
	999	269,8

⁽¹⁾ Country nomenclature as fixed by Commission Regulation (EC) No 2032/2000 (OJ L 243, 28.9.2000, p. 14). Code '999' stands for 'of other origin'.

COMMISSION REGULATION (EC) No 1148/2001
of 12 June 2001
on checks on conformity to the marketing standards applicable to fresh fruit and vegetables

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

following the register drawn up according to Regulation (EEC) No 2251/92.

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 2200/96 of 28 October 1996 on the common organisation of the market in fruit and vegetables ⁽¹⁾, as last amended by Regulation (EC) No 911/2001 ⁽²⁾, and in particular Article 10 thereof,

Whereas:

(1) Commission Regulation (EEC) No 2251/92 of 29 July 1992 on quality inspection of fresh fruit and vegetables ⁽³⁾, as last amended by Regulation (EC) No 766/97 ⁽⁴⁾, must be amended in a number of places to take account of the development of and improved professionalism in the trade in fresh fruit and vegetables and of changes in the common organisation of the markets in this sector, and in order to clarify a number of ambiguities in that Regulation. In the interests of simplification and improved clarity, the rules should be completely recast and Regulation (EEC) No 2251/92 should be repealed.

(2) The Member States must designate the inspection bodies who are responsible for carrying out checks on conformity at each stage of marketing. Given the very diverse circumstances in the Member States, one or other of these bodies in each Member State should be responsible for contacts and coordination between all designated bodies.

(3) Conformity checks should be carried out by sampling and should concentrate on traders most likely to have goods which do not comply with the standards. Depending on the characteristics of their national market, Member States must lay down rules prioritising checks on particular categories of trader. To ensure transparency, these rules should be notified to the Commission. Since knowledge of traders and their main characteristics is an indispensable tool in Member States' analysis, it is essential to set up a database on traders in fresh fruit and vegetables in each Member State,

(4) Exports of fruits and vegetables to third countries must conform to the standards. Member States must ensure it is the case and certify conformity, in accordance with the Geneva Protocol on standardisation of fresh fruit and vegetables and dry and dried fruit concluded within the United Nations Economical Commission for Europe and the OECD scheme for the application of international standards for fruit and vegetables. Imports of fresh fruit and vegetables from third countries must conform to the marketing standards or to standards at least equivalent to them. Checks on conformity must therefore be carried out before these goods enter Community customs territory, except in the case of small lots which the inspection authorities consider to be low risk. In certain third countries which provide satisfactory guarantees of conformity, checks may be carried out by the inspection bodies of these third countries. Where this option is applied, the Member States are to verify regularly the validity of the checks carried out by third country inspection bodies and inform the Commission of the results of these verifications.

(5) Products intended for processing are not required to conform to these standards, so it must be ensured that they are not sold on the market for fresh products. Such products should be suitably labelled and, in certain cases, accompanied by a processing certificate stating the end-use and allowing checks to be made.

(6) Fruit and vegetables checked for conformity to the marketing standards should be subject to the same type of check at all stages of marketing. The inspection guidelines recommended by the United Nations Economic Commission for Europe, themselves in line with the relevant OECD recommendations, should be adopted to this end. Specific arrangements should however be laid down for checks at the retail sale stage.

(7) The measures provided for in this Regulation are in accordance with the opinion of the Committee for Fresh Fruit and Vegetables,

⁽¹⁾ OJ L 297, 21.11.1996, p. 1.

⁽²⁾ OJ L 129, 11.5.2001, p. 3.

⁽³⁾ OJ L 219, 4.8.1992, p. 9.

⁽⁴⁾ OJ L 112, 29.4.1997, p. 10.

HAS ADOPTED THIS REGULATION:

Article 1

Member States shall carry out checks at all stages of marketing on conformity to the marketing standards laid down in Articles 7, 8 and 9 of Regulation (EC) No 2200/96 in accordance with this Regulation.

Article 2

Competent bodies

1. Each Member State shall designate a single competent authority responsible for coordination and contacts in the areas covered by this Regulation, hereinafter called 'the coordinating authority'.

2. The Member States shall communicate to the Commission:

- the name and postal and e-mail address of the coordinating authority they have designated in application of paragraph 1,
- the name and postal and e-mail address of the inspection bodies they appointed in application of the third subparagraph of Article 7 of Regulation (EC) No 2200/96, hereinafter called 'the inspection bodies', and
- an exact description of the respective spheres of activity of the inspection bodies they appointed.

3. The coordinating authority may be the inspection body or one of the inspection bodies or any other body designated according to paragraph 1.

4. The Commission shall publish the list of coordinating authorities designated by the Member States in the C series of the *Official Journal of the European Communities*.

Article 3

Trader database

1. The Member States shall set up a database on traders in fruit and vegetables, which shall list, under the conditions defined by the present Article, traders involved in marketing fresh fruit and vegetables for which standards have been laid down in application of Article 2 of Regulation (EC) No 2200/96.

By 'trader' is meant any natural or legal person holding fresh fruit and vegetables subject to marketing standards with a view to their displaying or offering for sale, their sale or their marketing in any other manner for itself or on behalf of a third party in the Community's territory and/or export to third countries.

Member States shall determine the conditions under which the following traders are included or not in the database:

- traders whose activities are exempt from the obligation to comply with the marketing standards pursuant to Article 3 of Regulation (EC) No 2200/96,
- natural or legal persons whose activities in the fruit and vegetables sector are limited either to the transport of goods, or to the sale of small quantities at the retail stage.

2. Where the database is composed of several distinct elements, the coordinating authority shall ensure that the database, its elements and their updating are uniform. The updating is done in particular by the inspection bodies using the information collected during checks carried out at all stages of marketing.

3. This database shall contain, for each trader, the registration number, name, address, information needed for its classification in one of the categories mentioned in Article 4 of this Regulation, in particular, position in the marketing chain, information concerning the importance of the firm, information concerning findings made during previous checks of each trader, as well as any other information considered necessary for checks.

4. Traders must provide the information that the Member States consider necessary to set up and update the database. Member States shall determine the conditions under which traders not established in their territory but trading on it shall be listed in their database.

Article 4

Conformity checks on the internal market

1. The Member States shall introduce a system of sampling checks on the conformity to marketing standards of products held by traders at all stages of marketing.

Under this system, the Member States shall specify the frequency, based on a risk analysis of a trader marketing goods not in conformity with the marketing standards, with which checks must be made by the inspection bodies, which must be sufficient to ensure compliance with Community rules, for each category of trader they have first defined. This risk analysis will relate, in particular, to the size of the firms, their position in the marketing chain, findings made during previous checks and other possible parameters to be defined by the Member States. Traders involved in preparing and packaging fruit and vegetables, particularly in the production region, shall be subject to a higher rate of checks than other categories of trader. Checks may also occur during transport.

Where checks reveal significant irregularities, the inspection bodies shall increase the frequency of checks on the traders concerned.

2. Traders must provide the inspection bodies with all information those bodies judge necessary for organising and carrying out checks.

3. Member States may authorise traders at the stage of dispatch guaranteeing uniform and high conformity rate of the fruit and vegetables subject to marketing standards they dispatch to use the specimen in Annex 3 in the labelling of each package. The authorisation shall be granted for a period of three years and shall be renewable.

In addition, traders benefiting from this possibility must:

- have inspection staff who have received training approved by the Member State,
- have suitable equipment for preparing and packing produce,
- commit themselves to proceed to a conformity check of the goods they dispatch and have a register recording all operations of checks carried out.

When traders can no longer guarantee high and uniform conformity rate, or when one of the above mentioned conditions is no longer fulfilled, the Member State shall withdraw the authorisation for the trader to use the specimen in Annex III in the labelling of each package.

4. The coordinating authority shall communicate the provisions of the inspection system as referred to in paragraph 1 to the Commission before the application of this Regulation. This communication shall include the different categories of traders that were identified and the check frequency specified for each of them, as well as, where appropriate, the detailed conditions of implementation of the provisions of paragraph 3, the detailed conditions of implementation of the provisions of Article 5(1), including the minimum proportions of checks for the different traders concerned. It shall immediately inform the Commission of any subsequent amendments to that system.

Article 5

Conformity checks at the point of export

1. The competent inspection body at the stage of export shall ensure by a conformity check that products intended for export to third countries only leave the Community's customs territory if they conform to the marketing standards.

Exporters must provide the inspection bodies with all information those bodies judge necessary for organising and carrying out checks.

For traders conforming to the conditions of application of the provisions mentioned in Article 4(3), Member States may specify, for each category of trader concerned and based on a

risk analysis, the minimum proportion of consignments and quantities subject to conformity checks by the competent inspection body at the export stage. This proportion must be sufficient to ensure compliance with Community rules. Where checks reveal significant irregularities, the inspection bodies shall increase the proportion of consignments checked on the traders concerned.

2. The inspection body shall issue a certificate of conformity as set out in Annex I for each lot intended for export and which they consider to be in conformity with the marketing standards, after completion of the checking operations mentioned in paragraph 1. Where the export consignment consists of several lots, the conformity of those lots may be certified on a single certificate which clearly lists the various lots constituting that consignment.

3. The export declaration may be accepted by the competent customs authority only if:

- the goods are accompanied by either the certificate referred to in paragraph 2 or the certificate referred to in Article 8(2), or if
- the competent inspection body informed the customs authority, by appropriate means, that the relevant lots have been subject to the issue of one of those two certificates.

Article 6

Conformity checks at the point of import

1. Before release for free circulation, products from third countries shall be checked for conformity with the marketing standards.

Importers must provide the inspection bodies with all information those bodies judge necessary to organising and carrying out the checks mentioned in paragraph 2 of this Article and Article 7(5).

2. Notwithstanding Article 7, the official inspection body at the point of import shall carry out a conformity check for each imported lot and, where those products conform with the required standards, issue a certificate of conformity as set out in Annex I. Where the import consignment consists of several lots, the conformity of those lots may be certified on a single certificate which clearly lists the various lots constituting that consignment.

3. The customs authorities shall authorise release for free circulation only if:

- the goods are accompanied by the certificate referred to in paragraph 2, the certificate referred to in Article 7(3) or the certificate referred to in Article 8(2), or if

— the competent inspection body informed the customs authority, by appropriate means, that the relevant lots have been subject to the issuance of one of those certificates.

4. Notwithstanding paragraphs 1, 2 and 3, where the competent inspection body at the point of import considers that there is a low risk of certain lots of a weight less than or equal to 500 kilograms not conforming to the marketing standards, they may choose not to check those lots. They shall send the customs authority a stamped declaration to this end or inform that authority in another manner that it may carry out clearance procedures.

Article 7

Approval of checking operations performed by third countries prior to import into the Community

1. At the request of a third country, the Commission may approve, in accordance with the procedure laid down in Article 46 of Regulation (EC) No 2200/96, conformity checking operations performed by this third country prior to import into the Community.

2. The approval referred to in paragraph 1 may be granted to third countries which so request and on whose territory the Community marketing standards, or standards at least equivalent, are met for products exported to the Community.

The approval specifies the official authority in the third country under the responsibility of which checking operations mentioned in paragraph 1 are performed. This authority shall be responsible for contacts with the Community. The approval also specifies the inspection bodies in charge of the proper checks, hereinafter called 'third country inspection bodies'.

The approval may only apply to products originating in the third country concerned and may be limited to certain products.

The Commission shall publish the list of approvals granted to third countries under the conditions of the present Article in the C series of the *Official Journal of the European Communities*.

3. The third country inspection bodies must be official bodies or officially recognised by the authority mentioned in paragraph 2 providing satisfactory guarantees and disposing of the necessary personnel, equipment and facilities to carry out checks according to the methods mentioned in Article 9(1) or equivalent methods.

The third country inspection bodies shall draw up, for each lot checked prior to its entry into Community customs territory, either the certificate of conformity set out in Annex I, or any other form agreed between the Commission and the third country. Where the import consignment consists of several lots, the conformity of these lots may be certified on a single certificate which clearly lists the various lots constituting that consignment.

4. The Commission may suspend approval if it is found that, in a significant number of lots and/or quantities, the goods do not correspond to the information in the certificates of conformity issued by the third country inspection bodies.

5. Member States shall conduct checks at the point of import on products imported under the conditions set out in the present Article for conformity with the standards by carrying out conformity checks for each third country concerned on a significant proportion of the consignments and quantities imported under those conditions. This proportion must be sufficient to ensure compliance with the Community rules by the third country inspection bodies. Member States shall ensure that the measures laid down in Article 9(3) are applied to the lots checked, where those lots do not comply with the marketing standards.

Where checks reveal significant irregularities, Member States shall immediately inform the Commission, and the inspection bodies shall increase the proportion of consignments and quantities checked in accordance with the provisions of this Article.

6. The coordinating authority shall communicate to the Commission each quarter, by the end of the quarter following that quarter at the latest, for each third country and product concerned, the number of lots and total quantities imported in accordance with paragraph 1, the number of lots and the quantities which have been checked for conformity as referred to in paragraph 5 and, of those lots, those which the inspection bodies found not to conform with the data mentioned in the conformity certificates issued by the third country inspection body, specifying the quantities for each of those lots and the type of defects giving rise to that finding.

7. The customs authorities shall provide the coordinating authority and/or the inspection bodies with all information necessary for the application of the provisions of the present Article.

Article 8

Products intended for processing

1. For the purpose of the application of this Regulation, products intended for processing are fresh fruit and vegetables subject to marketing standards that are shipped to processing plants where they are processed into products classified in a CN position different from that of the initial fresh product.

2. The competent inspection bodies shall issue processing certificates as provided for in Annex II for products intended for export to third countries and products imported into the Community where such products are intended for processing and are, therefore, in accordance with Article 3(3)(a) of Regulation (EC) No 2200/96, not subject to conformity with the marketing standards. They shall ensure that the special labelling provisions laid down paragraph 3 are complied with.

3. In the case of imports, after having issued any certificate referred to in paragraph 2, the competent inspection body shall immediately send to the coordinating authority of the Member State where processing is to take place a copy of the certificate and any forth information needed for a possible check of the processing operations. After processing, the processing enterprise shall return the certificate to the competent inspection body, which shall ensure that the products have actually been processed.

4. The packaging of products intended for processing must be clearly marked by the pack with the words 'intended for processing' or other equivalent wording. In the case of goods shipped in bulk, directly loaded onto a means of transport, this indication shall be given in a document accompanying the goods or shown on a notice placed in an obvious position inside the means of transport.

5. Members States shall take all the measures they judge necessary, in particular those related to cooperation with the other Member States concerned, to avoid any goods intended for the fresh market being shipped outside the region of production as goods intended for processing.

Article 9

Method of inspection

1. The conformity checks provided for in this Regulation, with the exception of those at the point of retail sale to the end consumer, shall be carried out, save as otherwise provided under this Regulation, in accordance with the methods in Annex IV.

The Member States shall lay down specific arrangements for checking conformity at the point of retail sale to the end consumer.

2. Where inspectors find that the goods conform with the marketing standards, the inspection body may issue a certificate of conformity as set out in Annex I. This certificate shall in any event be issued at the point of import or export.

3. Where the goods do not conform with the standards, the inspection body shall issue a finding of non-conformity for the attention of the trader or their representatives. Goods for which a finding of non-conformity has been issued may not be moved without the authorisation of the inspection body which issued that finding. This authorisation can be subject to the respect of conditions laid down by the inspection body.

Traders may decide to bring all or some of the goods into conformity. Goods brought into conformity may not be marketed before the competent inspection body has ensured by all appropriate means that the goods have actually been brought into conformity. It shall issue, where applicable, a

certificate of conformity as set out in Annex I for the lot or part thereof only once the goods have been brought into conformity.

Article 10

Final provisions

1. The inspection bodies of a Member State on whose territory a lot of goods from another Member State is found not to conform with the standards because of defects or deterioration which could have been detected at the time of packaging shall immediately notify such cases of non-conformity discovered up to the wholesale marketing stage, including at distribution centres, to the authorities of the other Member States likely to be concerned.

2. Where, on import from a third country, a lot of goods are found not to conform with the standards, the coordinating authority of the Member State concerned shall immediately notify the Commission and the coordinating authorities of the other Member States likely to be concerned, which shall then pass on this information as necessary in their territory. The Commission shall be notified via the electronic system indicated by the Commission.

3. For the purposes of applying this Regulation, in the case of products for which marketing standards have been adopted, invoices and accompanying documents must indicate the quality class, the country of origin of the products and, where appropriate, the fact that it is intended for processing. This requirement shall not apply to retail sale to the end consumer.

Article 11

1. Regulation (EEC) No 2251/92 is hereby repealed.

2. Traders exempted from inspection of goods at the time of consignment under Article 6 of Regulation (EEC) No 2251/92 may use the packaging affixed with the label provided for in Annex III to that Regulation until 31 December 2002.

3. Inspection certificates issued according to Article 3(9) of Regulation (EEC) No 2251/92 are valid until the date of validity in box 12 of the concerned certificates expires. Processing certificates issued according to Article 10 of Regulation (EEC) No 2251/92 are valid until 31 January 2002.

Article 12

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

It shall apply from 1 January 2002.

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

Done at Brussels, 12 June 2001.

For the Commission
Franz FISCHLER
Member of the Commission

ANNEX I

CERTIFICATE OF CONFORMITY WITH THE COMMUNITY MARKETING STANDARDS FOR FRESH FRUIT AND VEGETABLES

1. Trader		Certificate of conformity with the marketing standards applicable to fresh fruit and vegetables as provided by Regulation (EC) No 2200/96 No (This certificate is exclusively for the use of inspection bodies)	
2. Packer identified on packaging (if other than trader)		3. Inspection body	
		4. Place of inspection/country of origin ⁽¹⁾	5. Region or country of destination
6. Identifier of means of transport			7. ☐ internal ☐ import ☐ export
8. Packages (number and type) — — — —	9. Type of product (variety if the standard specifies)	10. Quality class	11. Total weight in kg gross/net ⁽²⁾
12. The abovementioned inspection body certifies following inspection by sampling that the above goods correspond at the time of inspection to the marketing standards referred to in Article 2 of Regulation (EC) No 2200/96 in force Customs office foreseen: entry/exit ⁽²⁾ Period of validity: days Place and date of issue Inspection Inspector: Signature (name in block letters)			
13. Comments			

⁽¹⁾ Where the goods are being re-exported, indicate their origin in box 9.⁽²⁾ Delete as appropriate.

ANNEX II

**CERTIFICATE OF INDUSTRIAL USE REFERRED TO IN ARTICLE 8(2) FOR FRESH FRUIT AND VEGETABLES SUBJECT TO
COMMUNITY MARKETING STANDARDS**

1. Trader		Certificate of industrial use (Fresh fruit and vegetables subject to marketing standards according to Regulation (CE) No 2200/96) No					
2. Identifier of means of transport		3. Inspection body issuing the certificate					
4. Intended industrial use/Name and address of processor		5. Inspection body for the region where processing is to take place					
6. Number of packages or the words 'in bulk'	7. Nature of goods/country of origin	8. Total weight in kg gross/net ⁽¹⁾					
9. Customs office foreseen: extry/exit ⁽¹⁾ Inspector: (name in block letters)				 Place and date of issue Signature		 Inspection stamp	
10. Comments							
11. The processor certifies that the product indicated above has been processed. Place and date:				Signature		Stamp	
12. The present certificate shall be returned, signed and stamped in box 11, after processing of the goods mentioned in boxes 6, 7 and 8, to the inspection body mentioned in box 5							

(¹) Delete as appropriate.

ANNEX III

SPECIMEN MENTIONED IN ARTICLE 4(3)

	Regulation (EC) No .../2001 No (Member State)
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ANNEX IV

METHODS OF INSPECTION MENTIONED IN ARTICLE 9(1)

Note: The following methods of inspection are based on the provisions of the guide for the implementation of quality control of fresh fruit and vegetables adopted by the UN/ECE (United Nations Economic Commission for Europe) Working Party for standardisation of perishable goods and improvement of quality.

1. Definitions**(a) *Conformity check***

Inspection carried out to check the conformity of fruit and vegetables with the marketing standards provided by Regulation (EC) No 2200/96.

(b) *Inspector*

Person authorised by the competent inspection body who has an appropriate and regular training enabling them to undertake conformity inspection.

(c) *Consignment*

Quantity of produce to be sold by a given trader found at the time of control and defined by a document. The consignment may consist of one or several types of produce: it may contain one or several lots of fresh fruit and vegetables.

(d) *Lot*

Quantity of produce which, at the time of control at one place, has similar characteristics with regard to:

- packer and/or dispatcher,
- country of origin,
- nature of produce,
- class of produce,
- size (if the produce is graded according to size),
- variety or commercial type (according to the relevant provisions of the standard),
- type of packaging and presentation.

However, if during the inspection of consignments, it is not possible to distinguish between different lots and/or presentation of individual lots is not possible, all lots of a specific consignment may be treated as one lot if they are similar in regard to type of produce, dispatcher, country of origin, class and variety or commercial type, if this is provided for in the standard.

(e) *Sampling*

Collective sample taken temporarily from a lot during conformity check inspection.

(f) *Primary sample*

Package taken from the lot, or, in the case of bulk produce, a quantity taken from a point in the lot.

(g) *Bulk sample*

Several representative primary samples taken from the lot whose quantity is sufficient to allow the assessment of the lot with regard to all criteria.

(h) *Reduced samples*

Representative quantity of produce taken from the bulk sample whose size is sufficient to allow the assessment of certain individual criteria. Several reduced samples may be taken from a bulk sample.

2. Implementation of conformity check**(a) *General remark***

A conformity check shall take place by assessing bulk samples taken at random from different points in the lot to be controlled. It is based on the principle of presumption that the lot conforms to the bulk sample.

(b) *Presentation of produce*

The inspector decides which packages are to be controlled. The presentation shall be made by the person authorised to do so or his representative. The procedure should include the presentation of a bulk sample as well as the supply of all information necessary for the identification of the consignments or lots.

If reduced samples are required, these are identified by the inspector himself from the bulk sample.

(c) *Identification of lots and/or getting general impression of the consignment*

The identification of lots shall be carried out on the basis of their marking or other criteria, such as the indications laid down under Council Directive 89/396/EEC ⁽¹⁾. For consignments which are made up of several lots it is necessary for the inspector to get a general impression of the consignment with the aid of accompanying documents or declarations concerning the consignments. He then determines how far the lots presented comply with the information in these documents.

If the produce is to be, or has been loaded onto a means of transport, the registration number of the latter shall be used for identification of the consignment.

(d) *Verification of the lot*

— assessment of packaging and presentation on the basis of primary samples:

the packaging, including the material used within the package, shall be tested for suitability and cleanness according to the provisions of the marketing standards. If only certain types of packaging are permitted, the inspector checks whether these are being used. If the individual standard includes provisions concerning presentation, their conformity is also checked,

— verification of marking on the basis of primary samples:

first, it is ascertained whether the produce is marked according to the marketing standards. During control a check is made on the accuracy of marking and/or the extent of amendment required,

— verification of conformity of the produce:

the inspector shall determine the size of the bulk sample in such way as to be able to assess the lots. He shall at random select the packages to be inspected or in the case of bulk produce the points of the lot from which individual samples shall be taken.

Damaged packages shall not be used as part of the bulk sample. They should be set aside and may, if necessary, be subject to a separate examination and report.

The bulk sample should comprise the following quantities whenever a consignment is declared unsatisfactory:

Packed produce	
Number of packages in the lot	Number of packages to be taken (primary samples)
Up to 100	5
From 101 to 300	7
From 301 to 500	9
From 501 to 1 000	10
More than 1 000	15 (minimum)
Bulk produce	
Quantity of lot in kg or number of bundles in the lot	Quantity of primary samples in kg or number of bundles
Up to 200	10
From 201 to 500	20
From 501 to 1 000	30
From 1 001 to 5 000	60
More than 5 000	100 (minimum)

In the case of bulky fruit and vegetables (over 2 kg per unit), the primary samples should be made up of at least five units.

If the inspector discovers, after an inspection, that a decision cannot be reached, he may carry out another inspection and express the overall result as an average of the two checks.

⁽¹⁾ OJ L 186, 30.6.1989, p. 21.

Certain criteria such as the presence or the absence of internal defects may be checked on the basis of reduced samples; this applies in particular to control which destroys the trade value of the produce. The size of the reduced sample shall be restricted to the minimum quantity absolutely necessary for the assessment of the lot; if, however, defects are ascertained or suspected the size of the reduced sample shall not exceed 10 % of the size of the bulk sample initially taken for the inspection.

(e) *Control of produce*

The produce has to be removed entirely from its packaging for the control; the inspector may only dispense with this, if the type of packaging and form of presentation allow an inspection without unpacking the produce. The inspection of uniformity, minimum requirements, quality classes and size shall be carried out on the basis of the bulk sample. When defects are detected, the inspector shall ascertain the respective percentage of the produce not in conformity with the standard by number or weight.

(f) *Report of control results*

Documents mentioned in Article 9(2) and (3) are issued where appropriate.

If defects are found, the trader or his representative must be informed of the reasons of complaint. If the compliance of produce with the standard is possible by a change in marking, the trader or his representative must be informed of it.

If defects are found in a product, the percentage found not to be in conformity with the standard shall be indicated. This is not necessary if it is possible to achieve compliance of produce with the standard by a change in the marking of the product.

(g) *Decline in value by conformity check*

After the control, the bulk sample is put at the disposal of the trader or his representative.

The inspection body is not bound to hand back the elements of the bulk sample destroyed during the control.

When the conformity check has been limited to the minimum required, no compensation can be claimed from the inspection body concerned if the commercial value of the produce has suffered a loss.

COMMISSION REGULATION (EC) No 1149/2001**of 12 June 2001****fixing the rates of the refunds applicable to eggs and egg yolks exported in the form of goods not covered by Annex I to the Treaty**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 2771/75 of 29 October 1975 on the common organisation of the market in eggs ⁽¹⁾, as last amended by Commission Regulation (EC) No 1516/96 ⁽²⁾, and in particular Article 8(3) thereof,

Whereas:

- (1) Article 8(1) of Regulation (EEC) No 2771/75 provides that the difference between prices in international trade for the products listed in Article 1(1) of that Regulation and prices within the Community may be covered by an export refund where these goods are exported in the form of goods listed in the Annex to that Regulation. Whereas Commission Regulation (EC) No 1520/2000 of 13 July 2000 laying down common detailed rules for the application of the system of granting export refunds on certain agricultural products exported in the form of goods not covered by Annex I to the Treaty, and the criteria for fixing the amount of such refunds ⁽³⁾, as amended by Regulation (EC) No 2390/2000 ⁽⁴⁾, specifies the products for which a rate of refund should be fixed, to be applied where these products are exported in the form of goods listed in the Annex to Regulation (EEC) No 2771/75.
- (2) In accordance Article 4(1) of Regulation (EC) No 1520/2000, the rate of the refund per 100 kilograms for each of the basic products in question must be fixed for a

period of the same duration as that for which refunds are fixed for the same products exported unprocessed.

- (3) Article 11 of the Agreement on Agriculture concluded under the Uruguay Round lays down that the export refund for a product contained in a good may not exceed the refund applicable to that product when exported without further processing.
- (4) It is necessary to ensure continuity of strict management taking account of expenditure forecasts and funds available in the budget.
- (5) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Poultrymeat and Eggs,

HAS ADOPTED THIS REGULATION:

Article 1

The rates of the refunds applicable to the basic products appearing in Annex A to Regulation (EC) No 1520/2000 and listed in Article 1(1) of Regulation (EEC) No 2771/75, exported in the form of goods listed in the Annex I to Regulation (EEC) No 2771/75, are hereby fixed as shown in the Annex hereto.

Article 2

This Regulation shall enter into force on 13 June 2001.

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

Done at Brussels, 12 June 2001.

For the Commission

Erkki LIIKANEN

Member of the Commission

⁽¹⁾ OJ L 282, 1.11.1975, p. 49.

⁽²⁾ OJ L 189, 30.7.1996, p. 99.

⁽³⁾ OJ L 177, 15.7.2000, p. 1.

⁽⁴⁾ OJ L 276, 28.10.2000, p. 3.

ANNEX

to the Commission Regulation of 12 June 2001 fixing the rates of the refunds applicable to eggs and egg yolks exported in the form of goods not covered by Annex I to the Treaty

(EUR/100 kg)

CN code	Description	Destination (¹)	Rate of refund
0407 00	Birds' eggs, in shell, fresh, preserved or cooked:		
	– Of poultry:		
0407 00 30	– – Other:		
	a) On exportation of ovalbumin of CN codes 3502 11 90 and 3502 19 90	02	9,00
		03	9,00
		04	4,50
	b) On exportation of other goods	01	4,50
0408	Birds' eggs, not in shell and egg yolks, fresh, dried, cooked by steaming or by boiling in water, moulded, frozen or otherwise preserved, whether or not containing added sugar or other sweetening matter:		
	– Egg yolks:		
0408 11	– – Dried:		
ex 0408 11 80	– – – Suitable for human consumption:		
	not sweetened	01	30,00
0408 19	– – Other:		
	– – – Suitable for human consumption:		
ex 0408 19 81	– – – – Liquid:		
	not sweetened	01	13,00
ex 0408 19 89	– – – – Frozen:		
	not sweetened	01	13,00
	– Other:		
0408 91	– – Dried:		
ex 0408 91 80	– – – Suitable for human consumption:		
	not sweetened	01	33,00
0408 99	– – Other:		
ex 0408 99 80	– – – Suitable for human consumption:		
	not sweetened	01	8,00

(¹) The destinations are as follows:

01 Third countries,

02 Kuwait, Bahrain, Oman, Qatar, United Arab Emirates, Yemen, Hong Kong SAR and Russia,

03 South Korea, Japan, Malaysia, Thailand, Taiwan, the Philippines and Egypt,

04 All destinations except Switzerland and those of 02 and 03.

COMMISSION REGULATION (EC) No 1150/2001**of 12 June 2001****fixing representative prices in the poultrymeat and egg sectors and for egg albumin, and amending Regulation (EC) No 1484/95**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 2771/75 of 29 October 1975 on the common organisation of the market in eggs ⁽¹⁾, as last amended by Commission Regulation (EC) No 1516/96 ⁽²⁾, and in particular Article 5(4) thereof,

Having regard to Council Regulation (EEC) No 2777/75 of 29 October 1975 on the common organisation of the market in poultrymeat ⁽³⁾, as last amended by Commission Regulation (EC) No 2916/95 ⁽⁴⁾, and in particular Article 5(4) thereof,

Having regard to Council Regulation (EEC) No 2783/75 of 29 October 1975 on the common system of trade for ovalbumin and lactalbumin ⁽⁵⁾, as last amended by Regulation (EC) No 2916/95, and in particular Article 3(4) thereof,

Whereas:

- (1) Commission Regulation (EC) No 1484/95 ⁽⁶⁾, as last amended by Regulation (EC) No 964/2001 ⁽⁷⁾, fixes detailed rules for implementing the system of additional import duties and fixes representative prices in the poultrymeat and egg sectors and for egg albumin.

- (2) It results from regular monitoring of the information providing the basis for the verification of the import prices in the poultrymeat and egg sectors and for egg albumin that the representative prices for imports of certain products should be amended taking into account variations of prices according to origin. Therefore, representative prices should be published.

- (3) It is necessary to apply this amendment as soon as possible, given the situation on the market.

- (4) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Poultrymeat and Eggs,

HAS ADOPTED THIS REGULATION:

Article 1

Annex I to Regulation (EC) No 1484/95 is hereby replaced by the Annex hereto.

Article 2

This Regulation shall enter into force on 13 June 2001.

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

Done at Brussels, 12 June 2001.

For the Commission

Franz FISCHLER

Member of the Commission

⁽¹⁾ OJ L 282, 1.11.1975, p. 49.

⁽²⁾ OJ L 189, 30.7.1996, p. 99.

⁽³⁾ OJ L 282, 1.11.1975, p. 77.

⁽⁴⁾ OJ L 305, 19.12.1995, p. 49.

⁽⁵⁾ OJ L 282, 1.11.1975, p. 104.

⁽⁶⁾ OJ L 145, 29.6.1995, p. 47.

⁽⁷⁾ OJ L 136, 18.5.2001, p. 6.

ANNEX

to the Commission Regulation of 12 June 2001 fixing representative prices in the poultrymeat and egg sectors
and for egg albumin, and amending Regulation (EC) No 1484/95

'ANNEX I

CN code	Description	Representative price (EUR/100 kg)	Security referred to in Article 3(3) (EUR/100 kg)	Origin (¹)
0207 14 10	Boneless cuts of fowl of the species <i>Gallus domesticus</i> , frozen	275,7	7	01
		293,3	2	02
		278,5	6	03
0207 14 70	Other parts of chicken, frozen	270,0	4	01
1602 32 11	Uncooked preparations of fowl of the species <i>Gallus domesticus</i>	280,2	2	01

(¹) Origin of imports:

- 01 Brazil
- 02 Thailand
- 03 China.'

COMMISSION REGULATION (EC) No 1151/2001
of 12 June 2001
fixing the export refunds on eggs

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 2771/75 of 29 October 1975 on the common organization of the market in eggs ⁽¹⁾, as last amended by Commission Regulation (EC) No 1516/96 ⁽²⁾, and in particular Article 8(3) thereof,

Whereas:

- (1) Article 8 of Regulation (EEC) No 2771/75 provides that the difference between prices on the world market for the products listed in Article 1(1) of that Regulation and prices for those products within the Community may be covered by an export refund.
- (2) The present market situation in certain third countries and that regarding competition on particular third country markets make it necessary to fix a refund differentiated by destination for certain products in the egg sector.

(3) It follows from applying these rules and criteria to the present situation on the market in eggs that the refund should be fixed at an amount which would permit Community participation in world trade and would also take account of the nature of these exports and their importance at the present time.

(4) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Poultrymeat and Eggs,

HAS ADOPTED THIS REGULATION:

Article 1

The list of codes of products for which, when they are exported, the export refund referred to in Article 8 of Regulation (EEC) No 2771/75 is granted, and the amount of that refund shall be as shown in the Annex hereto.

Article 2

This Regulation shall enter into force on 13 June 2001.

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

Done at Brussels, 12 June 2001.

For the Commission

Franz FISCHLER

Member of the Commission

⁽¹⁾ OJ L 282, 1.11.1975, p. 49.

⁽²⁾ OJ L 189, 30.7.1996, p. 99.

ANNEX

to the Commission Regulation of 12 June 2001 fixing the export refunds on eggs

Product code	Destination	Unit of measurement	Amount of refund
0407 00 11 9000	A02	EUR/100 pcs	2,60
0407 00 19 9000	A02	EUR/100 pcs	1,20
0407 00 30 9000	E01	EUR/100 kg	9,00
	E03	EUR/100 kg	9,00
	E05	EUR/100 kg	4,50
0408 11 80 9100	E04	EUR/100 kg	30,00
0408 19 81 9100	E04	EUR/100 kg	13,00
0408 19 89 9100	E04	EUR/100 kg	13,00
0408 91 80 9100	E06	EUR/100 kg	33,00
0408 99 80 9100	E04	EUR/100 kg	8,00

NB: The product codes and the 'A' series destination codes are set out in Commission Regulation (EEC) No 3846/87 (OJ L 366, 24.12.1987, p. 1) as amended.

The numeric destination codes are set out in Commission Regulation (EC) No 2032/2000 (OJ L 243, 28.9.2000, p. 14).

The other destinations are defined as follows:

E01 Kuwait, Bahrain, Oman, Qatar, the United Arab Emirates, Yemen, Hong Kong SAR and Russia

E03 South Korea, Japan, Malaysia, Thailand, Taiwan, the Philippines and Egypt

E04 all destinations except Switzerland and Estonia

E05 all destinations except Switzerland, Lithuania and those of E01 and E03

E06 all destinations except Switzerland, Estonia and Lithuania.

COMMISSION REGULATION (EC) No 1152/2001
of 12 June 2001
fixing the export refunds on poultrymeat

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 2777/75 of 29 October 1975 on the common organization of the market in poultrymeat ⁽¹⁾, as last amended by Commission Regulation (EC) No 2916/95 ⁽²⁾, and in particular Article 8(3) thereof,

Whereas:

- (1) Article 8 of Regulation (EEC) No 2777/75 provides that the difference between prices on the world market for the products listed in Article 1(1) of that Regulation and prices for those products within the Community may be covered by an export refund.
- (2) It follows from applying these rules and criteria to the present situation on the market in poultrymeat that the refund should be fixed at an amount which would permit Community participation in world trade and

would also take account of the nature of these exports and their importance at the present time.

- (3) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Poultrymeat and Eggs,

HAS ADOPTED THIS REGULATION:

Article 1

The list of product codes for which, when they are exported, the export refund referred to in Article 8 of Regulation (EEC) No 2777/75 is granted, and the amount of that refund shall be as shown in the Annex hereto.

Article 2

This Regulation shall enter into force on 13 June 2001.

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

Done at Brussels, 12 June 2001.

For the Commission

Franz FISCHLER

Member of the Commission

⁽¹⁾ OJ L 282, 1.11.1975, p. 77.

⁽²⁾ OJ L 305, 19.12.1995, p. 49.

ANNEX

to the Commission Regulation of 12 June 2001 fixing the export refunds on poultrymeat

Product code	Destination	Unit of measurement	Amount of refund
0207 12 10 9900	V01	EUR/100 kg	20,00
0207 12 10 9900	V02	EUR/100 kg	20,00
0207 12 90 9190	V01	EUR/100 kg	20,00
0207 12 90 9190	V02	EUR/100 kg	20,00
0207 12 90 9990	V01	EUR/100 kg	20,00
0207 12 90 9990	V02	EUR/100 kg	20,00

NB: The product codes and the 'A' series destination codes are set out in Commission Regulation (EEC) No 3846/87 (OJ L 366, 24.12.1987, p. 1) as amended.

The numeric destination codes are set out in Commission Regulation (EC) No 2032/2000 (OJ L 243, 28.9.2000, p. 14).

The other destinations are defined as follows:

V01 Angola, Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, the United Arab Emirates, Jordan, Yemen, Lebanon, Iraq, Iran

V02 Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan, Ukraine.

II

(Acts whose publication is not obligatory)

COUNCIL

**DECISION No 3/2001 OF THE EU-LATVIA ASSOCIATION COUNCIL
of 20 March 2001**

extending by five years the period within which any public aid granted by Latvia will be assessed taking into account the fact that Latvia is to be regarded as an area identical to those areas of the Community described in Article 87(3)(a) of the Treaty establishing the European Community

(2001/452/EC)

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Latvia, of the other part and in particular Article 64(4)(a) thereof,

Whereas:

- (1) Article 64(4)(a) of the Europe Agreement lays down that the Association Council shall, taking into account the economic situation of Latvia, decide whether the period within which any public aid granted by Latvia shall be assessed taking into account the fact that Latvia shall be regarded as an area identical to those areas of the Community described in Article 87(3)(a) of the Treaty establishing the European Community should be extended for a further period of five years.
- (2) The GDP/capita of Latvia measured in Purchasing Power Standards reached 27 % of the Community average in 1997, it is appropriate to make such an extension,

HAS DECIDED AS FOLLOWS:

Article 1

The period within which any public aid granted by Latvia shall be assessed, taking into account the fact that Latvia shall be regarded as an area identical to those areas of the Community described in Article 87(3)(a) of the Treaty establishing the

European Community, shall be extended for a further period of five years.

Article 2

Within six months of the date of adoption of this Decision, the Republic of Latvia shall submit the GDP per capita figures which have been harmonised at NUTS II level at the European Commission. The Latvian Republic State aid monitoring authority and the European Commission shall then jointly evaluate the eligibility of the regions as well as the maximum aid intensities in relation thereto in order to draw up the regional aid map on the basis of the Community guidelines on national regional aid ⁽¹⁾. Thereafter, the joint proposal shall be submitted to the Association Committee, which shall take a decision to this effect.

Article 3

This Decision shall enter into force on the day of its adoption. It shall apply as from 1 January 2000.

Done at Brussels, 20 March 2001.

For the Association Council
The President
I. BĒRZIŅŠ

⁽¹⁾ OJ C 74, 10.3.1998, p. 9.

Information relating to the entry into force of the Protocol to the Europe Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Czech Republic, of the other part, on Conformity Assessment and Acceptance of Industrial Products (PECA) ⁽¹⁾

The Protocol to the Europe Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Czech Republic, of the other part, on Conformity Assessment and Acceptance of Industrial Products (PECA), which the Council decided to conclude on 4 April 2001, enters into force on 1 July 2001, the procedures provided for in Article 17 of the Protocol having been completed on 31 May 2001.

⁽¹⁾ OJ L 135, 17.5.2001, p. 1.

COMMISSION

COMMISSION RECOMMENDATION

of 30 May 2001

on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies

(notified under document number C(2001) 1495)

(2001/453/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community and in particular Article 211 EC,

Having regard to the fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54(3)(g) of the Treaty on the annual accounts of certain types of companies⁽¹⁾, as last amended by Directive 1999/60/EC⁽²⁾,

Having regard to the seventh Council Directive 83/349/EEC of 13 June 1983 based on Article 54(3)(g) of the Treaty on consolidated accounts⁽³⁾, as last amended by Directive 90/605/EEC⁽⁴⁾,

Whereas:

- (1) In 1992 the Commission published its fifth action programme on the environment 'Towards sustainability' (COM(92)23)⁽⁵⁾. Among a range of proposals in the area of environmental protection, it provides for a Community initiative in the area of accounting. This initiative should relate primarily to the ways and means used by companies to report on financial aspects relating to the environment. An enhanced attention to financial aspects could contribute to achieving the goals of the programme; ensuring that environmental expenditures and risks are taken into account could increase the company's awareness of environmental issues. In 2001 the Commission has adopted a communication concerning the sixth action plan for the environment (COM(2001)31 final of 24 January 2001).
- (2) The Amsterdam Treaty recognised that a key element for promoting sustainable development (Article 6 of the EC Treaty) is the principle of the integration of environmental requirements into other policies. In view of this objective, the Cardiff European Council endorsed a strategy for the integration of environmental objectives

into all Community policies and actions. This strategy was confirmed and further developed by the Vienna European Council that invited the Internal Market Council to consider how such integration could be achieved in this particular domain.

- (3) In 1999 the Commission adopted a communication on the single market and the environment (COM(99)263 of 8 June 1999) which is intended to contribute to making environmental and single market policies mutually supportive and reinforcing, whilst at the same time developing synergies between them. This Communication identifies specific single market policy areas in which the Commission will strive for a closer integration with environmental policy, and lays down a series of further measures, among which to issue a recommendation on environmental issues in financial reporting. Such recommendation is also a direct follow-up of the November 1995 Accounting advisory forum paper on environmental issues in financial reporting (Document XV/6004/94).
- (4) The lack of explicit rules has contributed to a situation where different stakeholders, including regulatory authorities, investors, financial analysts and the public in general may consider the environmental information disclosed by companies to be either inadequate or unreliable. Investors need to know how companies deal with environmental issues. Regulatory authorities have an interest in monitoring the application of environmental regulations and the associated costs. Nonetheless, voluntary disclosure of environmental data in the annual accounts and annual reports of companies is still running at low levels, even though it is often perceived that enterprises face increasing environmental costs for pollution prevention and clean-up equipment and for waste clean-up and monitoring systems, in particular those enterprises operating in sectors that have significant impacts on the environment.

⁽¹⁾ OJ L 222, 14.8.1978, p. 11.

⁽²⁾ OJ L 162, 26.6.1999, p. 65.

⁽³⁾ OJ L 193, 18.7.1983, p. 1.

⁽⁴⁾ OJ L 317, 16.11.1990, p. 60.

⁽⁵⁾ OJ C 138, 17.5.1993. Programme as last revised by the European Parliament and the Council by Decision No 2179/98/EC of 24.9.1998 (OJ L 275, 10.10.1998).

- (5) In the absence of harmonised authoritative guidelines in relation to environmental issues and financial reporting, comparability between companies becomes difficult. When companies do disclose environmental information it is often the case that the value of the information is seriously handicapped by the absence of a common and recognised set of disclosures that includes the necessary definitions and concepts with regard to environmental issues. The information is often disclosed in a variety of non-harmonised ways among companies and/or reporting periods, rather than being presented in an integrated and consistent manner throughout the annual accounts and the annual report.
- (6) The costs of collecting and reporting environmental data and the sensitiveness or confidentiality that might be associated, in certain cases, with such information are frequently regarded as deterrent factors for disclosure of environmental information in the financial statements of companies. Nevertheless, these arguments do not eliminate the need to stimulate the provision of environmental information. Users of financial statements need information about the impact of environmental risks and liabilities on the financial position of the company, and about the company's attitude towards the environment and the enterprise's environmental performance to the extent that they may have consequences on the financial health of the company.
- (7) While the European legislative framework for financial reporting does not explicitly Address Environmental issues, the general principles and provisions laid down in the Fourth and Seventh Company Law Directives apply (Directives 78/660/EEC and 83/349/EEC, respectively).
- (8) As part of its 1995 accounting strategy ⁽¹⁾ the Commission seeks to integrate European harmonisation in the accounting field within the broader context of international accounting harmonisation. Consequently, the Commission has lent its support to the work of the International Accounting Standards Committee (IASC) which, in turn, set as its objective the development of a core set of high quality international accounting standards (IASs). The Commission is committed to work towards maintaining consistency between the European Union financial reporting, framework and international accounting standards developed by the IASC.
- (9) The IASC has published several international accounting standards that lay down provisions and accounting principles that are relevant when dealing with environmental issues. Nevertheless, there is little guidance directly related to such matters and no specific international accounting standard solely focused on environmental issues.
- (10) The recommendation has been prepared with a view to support policies linked to the single market and to contribute to ensuring that users of financial statements receive meaningful and comparable information with regard to environmental issues, thereby reinforcing the Community initiatives in the area of environmental protection. The Commission is of the opinion that there is a justified need to facilitate further harmonisation on what to disclose in the annual accounts and annual reports of enterprises in the European Union as far as environmental matters are concerned. The quantity, transparency and comparability of environmental data flowing through the annual accounts and annual reports of companies must also be increased. In order to achieve these objectives, and given the increasing importance attached to environmental issues in the European Union, the Commission aims at clarifying existing rules and providing more specific guidance on the subjects of recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies.
- (11) The recommendation recognises that there has been a gradual development of separate environmental reports, particularly by companies that operate in sectors with significant environmental impacts. It is not a purpose of this recommendation to identify the reasons underlying this trend. However, this recommendation recognises that different groups of stakeholders have different information needs or rank them differently. Separate environmental reports satisfy the information needs of stakeholder groups that are only partially met by the information provided in the annual accounts and annual reports of enterprises. Therefore, the aim should be to make separate environmental reports and the annual accounts and annual reports more consistent, cohesive and closely associated. The purpose of this recommendation is to promote this aim by ensuring that environmental disclosures are incorporated in the annual accounts and annual reports in a way that complements the more detailed and wide-ranging separate environmental reports.
- (12) Appropriate disclosures are considered a key factor that facilitates transparency of information. Disclosures are appropriate where they affect the user's understanding of the financial statements. This recommendation is not intended to establish unjustified burdensome obligations on the preparers of financial statements. The recommendation aims at providing comprehensive guidance in the area of disclosure, and identifies relevant disclosures that allow for comparability and consistency of the environmental information presented. This is particularly the case for the disclosure in the notes to the accounts of environmental expenditures either charged to the profit and loss account or capitalised, as well as the expenditures incurred as a result of fines and penalties for

⁽¹⁾ Accounting harmonisation: A new strategy vis-à-vis international harmonisation. Communication from the Commission (COM(95)508), 14 November 1995.

non-compliance with environmental regulations and compensations to third parties, paragraph 6 of section 4 of the Annex to this recommendation. The disclosure in the annual report of appropriate information with regard to environmental performance, where relevant to the financial performance or position of the enterprise or its development, is specifically addressed paragraph 2 of section 4 of the Annex to this recommendation.

- (13) For the recommendations on disclosures to be effective they need to be supplemented with workable definitions of the concepts covered. In order to meet this objective the recommendation includes a section on definitions.
- (14) The recommendation aims to present guidance on the application of the provisions of the fourth and seventh Directives (Directives 78/660/EEC and 83/349/EEC, respectively) with respect to environmental issues. Therefore, certain accounting treatments with regard to environmental issues are recommended in order to enhance the provision of more meaningful information by the preparers of the financial statements. While encouraging particular solutions, this approach is not aimed at eliminating the possibility of applying alternative treatments where permitted by the Directives. In the light of this, account is also taken of the Commission's 1997 interpretative communication concerning certain Articles of the fourth and seventh Directives on accounting ⁽¹⁾ and of the November 1995 Accounting advisory forum paper on environmental issues in financial reporting (Document XV/6004/94).
- (15) The recommendation takes as a source of reference several international accounting standards (IAS) that have been published by the International Accounting Standards Committee (IASC) which are of specific relevance to environmental issues, in particular IAS 36 on impairment of assets, IAS 37 on provisions, contingent liabilities and contingent assets and IAS 38 on intangible assets. The provisions contained in this recommendation are intended to be consistent with these International Accounting Standards, unless stated otherwise.
- (16) The recommendation is also influenced by a statement of position on Accounting and financial reporting for environmental costs and liabilities prepared by the

United Nations Working Group on International Standards of Accounting and Reporting ⁽²⁾.

- (17) As described in recitals 14 to 16 above, in response to the need to integrate environmental considerations into financial reporting, some guidelines have been developed at Community and international level. This recommendation builds upon such developments and at the same time seeks to provide a suitable Community framework for further improvements. The Commission believes that to meet the objectives of the recommendation, action by Member States is necessary. The Commission encourages and leaves scope to Member States for measures at national level. Moreover, discussions on ways to improve the present situation are likely to continue at international level,

HEREBY RECOMMENDS:

That the Member States:

- 1. Ensure that for accounting periods commencing within 12 months from the date of adoption of this recommendation and for all future accounting periods, companies covered by the fourth and seventh Company Law Directives (Directives 78/660/EEC and 83/349/EEC respectively) apply the provisions contained in the Annex to this recommendation in the preparation of the annual and consolidated accounts and the annual report and consolidated annual report.
- 2. Take the appropriate measures to promote the application of this recommendation.
- 3. Notify the Commission of the measures taken.

Done at Brussels, 30 May 2001.

For the Commission

Frederik BOLKESTEIN

Member of the Commission

⁽¹⁾ OJ C 143, of 21.1.1998.

⁽²⁾ ISAR — Td/B/COM.2/ISAR/3, 12 March 1998.

ANNEX

1. SCOPE

1. The recommendation is limited to information provided in the annual and consolidated accounts and in the annual reports and consolidated annual reports of companies with regard to environmental issues. It does not deal with special purpose reporting, such as environmental reports, except where it is considered appropriate to relate annual accounts, annual reports and separate environmental reports with a view to making their information content consistent.
2. The recommendation covers requirements for recognition, measurement and disclosure of environmental expenditures, environmental liabilities and risks and related assets that arise from transactions and events that affect, or are likely to affect, the financial position and results of the reporting entity.
3. The recommendation also identifies the type of environmental information that is appropriate to be disclosed in the annual and consolidated accounts and/or the annual and consolidated annual report with regard to the company's attitude towards the environment and the enterprise's environmental performance, to the extent that they may have consequences on the financial position of the company. The recommendation applies to both individual accounts and consolidated accounts. In the case of consolidated accounts, disclosures should be related to the group. The requirements for recognition and measurement should be consistently applied to all consolidated entities.
4. The recommendation applies to all companies covered by the fourth and seventh Company Law Directives, having due regard to the exemptions that Member States are permitted to introduce for small and medium-sized companies in accordance with Articles 11 and 27 of the fourth Directive.
5. Although the specific accounting requirements for banks, other financial institutions and insurance companies are dealt with in separate directives⁽¹⁾, this recommendation also applies to banks, other financial institutions and insurance companies, as the financial implications of environmental issues are not different for these types of companies.

2. DEFINITIONS

1. For the purposes of this recommendation the term environment refers to the natural physical surroundings and includes air, water, land, flora, fauna and non-renewable resources such as fossil fuels and minerals.
2. Environmental expenditure includes the costs of steps taken by an undertaking or on its behalf by others to prevent, reduce or repair damage to the environment which results from its operating activities. These costs include, amongst others, the disposal and avoidance of waste, the protection of soil and of surface water and groundwater, the protection of clean air and climate, noise reduction, and the protection of biodiversity and landscape. Only additional identifiable costs that are primarily intended to prevent, reduce or repair damage to the environment should be included. Costs that may influence favourably the environment but whose primary purpose is to respond to other needs, for instance to increase profitability, health and safety at the workplace, safe use of the company's products or production efficiency, should be excluded. Where it is not possible to isolate separately the amount of the additional costs from other costs in which it may be integrated, it can be estimated in so far as the resulting amount fulfils the condition to be primarily intended to prevent, reduce or repair damage to the environment.
3. Costs incurred as a result of fines, or penalties for noncompliance with environmental regulation, and compensation to third parties as a result of loss or injury caused by past environmental pollution are excluded from this definition, as discussed in paragraph 6(f) of section 4 of this Annex. Whilst related to the impact of the company's operations on the environment, these costs do not prevent, reduce or repair damage to the environment.
4. Furthermore, the Statistical Office of the European Union (Eurostat) has produced a series of detailed definitions of expenditures by environmental domain, which are included in the implementation documents of the Council Regulation (EC, Euratom) No 58/97 of 20 December 1996 concerning structural business statistics⁽²⁾. These definitions, subject to regular updating, are the basis for statistical reporting requirements on environmental protection expenditures in the European Union. When using the general definition in paragraph 2, it is recommended that companies take into consideration these detailed definitions for making the disclosures for environmental expenditures stated in section 4 of this Annex to the extent that they are consistent with the recognition and measurement requirements stated in section 3.

⁽¹⁾ Council Directive of 8 December (86/635/EEC) on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372, 31.12.1986, p. 1 to 17); Council Directive of 19 December 1991 (91/674/EEC) on the annual and consolidated accounts of insurance undertakings (OJ L 374, 31.12.1991, p. 7 to 31).

⁽²⁾ OJ L 14, 17.1.1997, p. 1. See also implementation document ENV/96/10c. The European Classification of Environmental Protection Activities (CEPA) distinguishes between the following environmental domains: waste management; protection of ambient air and climate; waste water management; protection of soil and groundwater; protection of biodiversity and landscape; other environmental protection activities.

3. RECOGNITION AND MEASUREMENT

Recognition of environmental liabilities

1. An environmental liability is recognised when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation of an environmental nature that arose from past events, and the amount at which the settlement will take place can be measured reliably. The nature of this obligation must be clearly defined and may be of two types:
 - legal or contractual: the enterprise has a legal or contractual obligation to prevent, reduce or repair environmental damage, or
 - constructive: a constructive obligation arises from the enterprise's own actions when the enterprise has committed itself to prevent, reduce or repair environmental damage and has no discretion to avoid such action because, on the basis of published statements of policy or intention or by an established pattern of past practice of the enterprise, the enterprise has indicated to third parties that it will accept the responsibility to prevent, reduce or repair environmental damage.
2. Past or current industry practice result in a constructive obligation for the enterprise only to the extent that management has no discretion to avoid action. It will only occur when the enterprise has accepted the responsibility to prevent, reduce or repair environmental damage by a published specific statement or by an established pattern of past practice.
3. Environmental damage which may be related to the enterprise or may have been caused by the enterprise but for which there is no legal, contractual or constructive obligation to rectify the damage's extent, does not qualify to be recognised as an environmental liability in the enterprise's annual accounts in accordance with paragraphs 1 and 2. This does not prejudice the application of the criteria set out in paragraph 5 for contingent environmental liabilities.
4. An environmental liability is recognised when a reliable estimate of the costs derived from the obligation can be made. If, at the date of the balance sheet, there is an obligation the nature of which is clearly defined and which is likely to give rise to an outflow of resources embodying economic benefits, but uncertain as to the amount or as to the date, then a provision should be recognised, provided that a reliable estimate can be made of the amount of the obligation. This treatment is in accordance with Articles 20(1) ⁽¹⁾ and 31(1)(bb) of the fourth Directive. Uncertainties as to the date or as to the amount relate, for example, to evolving clean-up technologies and the extent and nature of the clean up required. In the rare circumstances where a reliable estimate of the costs is not possible, the liability should not be recognised. It should be regarded as a contingent liability, as mentioned in paragraph 26.

Contingent environmental liabilities

5. A contingent liability should not be recognised in the balance sheet. If there is a possibility, which is less than probable, that the damage has to be rectified in the future but the obligation has yet to be confirmed by the occurrence of an uncertain event, a contingent liability should be disclosed in the notes to the annual accounts. If it is a remote possibility that the enterprise will have to incur an environmental expenditure or such expenditure will not be material, disclosure of such contingent liability is not required.

Offsetting of liabilities and expected recoveries

6. Where the enterprise expects that some or all of the expenditures related to an environmental liability will be reimbursed from another party, the reimbursement should be recognised only when it is virtually certain that it will be received if the enterprise settles the obligation.
7. An expected recovery from a third party should not be offset against the environmental liability. It should be separately shown as an asset in the balance sheet, at an amount that does not exceed the amount of the related provision. It can be offset against the environmental liability only when there is a legal right for such netting that the enterprise intends to use. When, on the basis of this provision, netting is appropriate, the full amount of the liability and the expected reimbursement should be disclosed in the notes.
8. Expected proceeds from the sale of related property should not be offset against an environmental liability or taken into account in measuring a provision, even if such expected disposal is closely linked to the event giving rise to the provision.
9. Normally the enterprise is liable for the whole environmental liability. If not, only the enterprise's portion would be recorded as an environmental liability.

⁽¹⁾ Where, in accordance with paragraph 20 of the Commission's 1998 interpretative communication concerning certain Articles of the fourth and seventh Council Directives on accounting, Member States have implemented the option contained in Article 20(2) of the fourth Directive, it is also applicable to environmental charges.

Recognition of environmental expenditure

10. Environmental expenditures should be recognised as an expense in the period in which they are incurred unless they meet the criteria to be recognised as an asset set out in paragraph 12.
11. Environmental expenditures that relate to damage that has occurred in a prior period do not qualify as prior period adjustments but should be expensed in the current period, i.e. the period in which they are recognised.

Capitalisation of environmental expenditure

12. Environmental expenditure may be capitalised if it has been incurred to prevent or reduce future damage or conserve resources, brings future economic benefits and satisfies the condition laid down in Article 15(2) of the fourth Directive.
13. Environmental expenditures incurred to prevent or reduce future damage or conserve resources can only qualify for recognition as an asset if, in accordance with Article 15(2) of the fourth Directive, they are intended for use on a continuing basis for the purpose of the undertaking's activities and if, in addition, one of the following criteria is met:
 - (a) the costs relate to anticipated economic benefits that are expected to flow to the enterprise and extend the life, increase the capacity or improve the safety or efficiency of other assets owned by the enterprise (in excess of their originally assessed standard of performance); or
 - (b) the costs reduce or prevent environmental contamination that is likely to occur as a result of future operations of the enterprise.
14. If the criteria for recognition as an asset laid down in paragraphs 12 and 13 have not been met, environmental expenditure should be charged to the profit and loss account as incurred. If they have been met, environmental expenditure should be capitalised and amortised to the profit and loss account over the current and appropriate future periods, i.e. systematically over their expected useful economic life.
15. Environmental expenditure should not be capitalised but charged to the profit and loss account if it does not give rise to future economic benefits. This situation occurs when environmental expenditure relates to past or current activities and to the restoration of the environment to its pre-contamination state (e.g. treatment of waste, clean-up costs relating to current operating activities, clean-up of damage incurred in prior periods, environmental administration costs or environmental audits).
16. Items such as plant and machinery may be acquired for environmental reasons, for example, technical installations for pollution control or pollution prevention in order to comply with environmental laws or regulations. If they meet the criteria for recognition as an asset laid down in paragraphs 12 and 13, they must be capitalised.
17. There are cases when no anticipated future economic benefits result from the environmental expenditure itself, but rather future benefits are received from another asset that is used in the enterprise's operations. When the environmental expenditure that is recognised as an asset is related to another existing asset, it should be included as an integral part of that asset, and should not be recognised separately.
18. There can be rights or items of a similar nature acquired in connection with the impact of the operations of the enterprise on the environment (for example patents, licences, pollution permits, and emission rights). If, in accordance with Articles 9(C)(1)(2)(a) and 10(C)(1)(2)(a) of the fourth Directive, they have been acquired for valuable consideration and, in addition, they meet the criteria for recognition as an asset laid down in paragraphs 12 and 13, they must be capitalised and amortised systematically over their expected useful economic lives. If not, they should be charged to the profit and loss account as incurred.

Asset impairment

19. Environmental developments or factors may cause an existing fixed asset to be impaired, for example in the case of site contamination. A value adjustment should be made if the amount recoverable from the use of the site has declined below its carrying amount. This situation should, in the context of Article 35(1)(c)(bb) of the fourth Directive, be regarded as permanent. The amount of this value adjustment should be charged to the profit and loss account. In accordance with Article 20(3) of the fourth Directive, provisions for liabilities and charges, as defined in paragraph 4, cannot be set against the values of assets.
20. Where in accordance with paragraph 17, environmental expenditure is recognised as an integral part of another asset, the combined asset should at each balance sheet date be tested for its recoverability and, where appropriate, written down to its recoverable amount.
21. If the carrying amount of an asset already takes account of a loss in economic benefits because of environmental reasons, the subsequent expenditure to restore the future economic benefits to its original standard of performance can be capitalised, to the extent that the resulting carrying amount does not exceed the recoverable amount of the asset.

Measurement of environmental liabilities

22. An environmental liability is recognised, when a reliable estimate of the expenditure to settle the obligation can be made.
23. The amount of the liability should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, based on the existing situation and taking into account future developments both technical and in legislation, in so far as their occurrence is probable to occur.
24. The amount should be an estimate of the full amount of the liability irrespective of the date on which the activity is ceased or the liability is due to be settled. A gradual build-up of the full amount of the liability over the period of the enterprise's operations is allowed under Article 20(1) of the fourth Directive.
25. In estimating the amount of an environmental liability, the following rules apply. If the liability being measured involves different possible outcomes, according to paragraph 23, the best estimate should be accounted for. In the extremely rare cases where it is not possible to determine the best estimate of the liability with sufficient reliability, that liability should be regarded as a contingent liability and, therefore, its existence should be disclosed in the notes to the annual accounts. In addition, disclosure should be given of the reasons why no reliable estimate should be made.
26. Furthermore, for measuring the amount of an environmental liability, the following should be taken into consideration:
 - incremental direct costs of the remedial effort,
 - cost of compensation and benefits for those employees who are expected to devote a significant amount of time directly to the restoration effort,
 - post-remedial monitoring requirements,
 - advances in technology, so long as it is probable that the governmental authority will approve the technology.

Provisions for site-restoration and dismantling costs

27. Expenditure relating to site restoration, removal of accumulated waste by-product, closure or removal of fixed assets, that the company is under obligation to incur, should be recognised in accordance with the criteria laid down in paragraphs 1 to 4. If these criteria are met, the obligation to incur the future expenditure must be accounted for as an environmental liability.
28. In accordance with paragraph 24, this environmental liability for site restoration, removal or closure should be recognised at the date that the company's operations start and consequently the obligation arises. The recognition of this liability should not be delayed until the activity is completed or the site is closed. Where this liability is recognised, the estimated expenditure is included as part of the cost of the related asset that has to be dismantled and removed. This capitalised expenditure is then depreciated as part of the depreciable amount of the related asset. Additional damage could be caused during operations; the company's obligation to restore it arises when this environmental damage occurs.
29. In accordance with International Accounting Standard 37, paragraph 14, in the case of site-restoration and dismantling costs of long-term operations, the accounting treatment laid down in paragraph 28 is the preferred approach. This accounting treatment is anyway allowed on the basis of Article 20(1) of the fourth Directive together with the gradual build-up of a provision for such costs which is the other option. The enterprise may recognise long-term decommissioning costs over the period relating to the operations. In each reporting period a portion of the costs is charged as an expense, with the resulting balance shown as a separate liability.

Discounting of long-term environmental liabilities

30. For environmental liabilities that will not be settled in the near future, measuring them at present value (i.e. discounting) is allowed, but not required ⁽¹⁾, if the obligation and the amount and timing of the payments are fixed or can be reliably determined. Measuring at current cost (i.e. non-discounting estimated cost) is also acceptable. However, where the effect of the time value of money is material, it is a more appropriate treatment to measure environmental liabilities at present value.
31. The method chosen should be disclosed in the notes. The expected cost to be incurred should be based on a site-specific plan for the clean-up and/or remedial treatment of the contamination. The amount and timing of the payments should be based on objective and verifiable information.
32. The undiscounted estimated cash flows should be the estimated amounts expected to be paid at the dates of settlement (including estimates of inflation) and should be computed using explicit assumptions derived from the clean-up and/or remedial plan, such that a knowledgeable party could review the computation and concur with the estimated cash flows.

⁽¹⁾ International accounting standard 37, paragraph 45, requires discounting where the effect of the time value of money is material.

33. If an enterprise uses discounting in the measurement of its environmental liabilities this should be applied on a consistent basis. Any asset, relating to the recovery of a portion or all of a liability that is measured on a discounted basis, should also be discounted. In addition, if liabilities are measured on a discounted basis, the recoverable amount of assets should also be measured on the basis of discounted cash flows.
34. Measuring at present value requires the determination of a discount rate and information about the factors that may affect the timing and the amount of the estimated cash flows required. Moreover, the amount of the liability should be reviewed each year and adjusted for any change in the assumptions.

4. DISCLOSURES

1. Environmental issues should be disclosed to the extent that they are material to the financial performance or the financial position of the reporting entity. Depending upon the item, disclosures should be included in the annual and consolidated annual report or in the notes to the annual and consolidated accounts. Paragraphs 2, 5 and 6 deal with the disclosure of items in the annual and consolidated annual report, or in the notes. Paragraphs 3 and 4 deal with the presentation of items on the face of the balance sheet.

Disclosure in the annual and consolidated annual report

2. On the basis of the provisions laid down in Article 46(1) and (2) of the fourth Directive and Article 36(1) and (2) of the seventh Directive on the contents of the annual and consolidated annual report of companies, where environmental issues are relevant to the financial performance and position of the undertaking or its development, the annual report should include a description of the respective issues and the undertaking's response thereto. This information must provide a fair review of the development of the undertaking's business and position to the extent that environmental issues can directly affect it. For this purpose, the following disclosures are recommended:
 - (a) the policy and programmes that have been adopted by the enterprise in respect of environmental protection measures, particularly in respect of pollution prevention. It is relevant for users of the annual report to be able to ascertain to what extent environmental protection is an integral part of the company's policies and activities. Where applicable, this may include reference to the adoption of an environmental protection system and required compliance with a given set of associated standards or certifications;
 - (b) the improvements that have been made in key areas of environmental protection. This information is particularly useful if, in an objective and transparent manner, it provides a record of the performance of the enterprise with respect to a given quantified objective (for example emissions over the past five years) and reasons as to why significant differences may have arisen;
 - (c) the extent to which environmental protection measures, owing to present legislation or resulting from change in future legal requirements that have been substantially enacted, have been implemented or are in process of implementation;
 - (d) where appropriate and relevant to the nature and size of the business operations of the company and to the types of environmental issues relevant to the enterprise, information on the environmental performance of the enterprise: such as energy use, materials use, water use, emissions, waste disposals;

This information could usefully be provided by means of quantitative eco-efficiency indicators and, where relevant, detailed by business segment. It is particularly relevant to provide quantitative data, in absolute terms, for emissions and consumption of energy, water and materials ⁽¹⁾ for the reporting period together with comparative data for the previous reporting period. These figures should preferably be expressed in physical units rather than in monetary terms; moreover, for a better understanding of their relative significance and evolution, figures in monetary terms could be put in relation with items shown on the balance sheet or the profit and loss account;

- (e) if the company issues a separate environmental report that contains more detailed or additional quantitative or qualitative environmental information, a reference to this report. If the environmental report contains the information mentioned in (d), a summary description of the issue and an indication that further relevant information can be found in the environmental report could also be made. Information provided in a separate environmental report should be consistent with any related information in the annual report and annual accounts of the enterprise. If the environmental report has been subject to an external verification process, this should be stated in the annual report. It is relevant to inform users of the annual report as to whether or not the environmental report contains objective, externally verifiable data.

⁽¹⁾ The European Commission is one of the partners in the 'Eco-efficiency indicators and reporting' project being developed by the World Business Council of Sustainable Development. This project aims at developing standardised eco-efficiency indicators, of which the 'core indicators' are intended to be relevant to all enterprises.

The scope and boundaries of the reporting entity should preferably be the same in both the annual report and the separate environmental report. If not, they should be clearly stated in the environmental report so that it can be identified to what extent it corresponds to the entity reporting in the annual report. Furthermore, the reporting date and period of the separate environmental report should also preferably be the same as that of the annual report.

Disclosure in the balance sheet

3. Provisions should be shown in the balance sheet under the caption 'Other provisions'. In accordance with Article 4 of the fourth Directive, a more detailed subdivision of the items prescribed in Articles 9, 10 and 23 to 26 for the layout of the balance sheet and the profit and loss account is permitted provided that the layouts are complied with. Member States may require such subdivisions.
4. If material, it is more appropriate to show environmental liabilities separately on the face of the balance sheet. Otherwise, if material, they should be separately disclosed in the notes on the accounts, in accordance with Article 42 of the fourth Directive and Article 29(1) of the seventh Directive.

Disclosure in the notes to the annual and consolidated accounts

5. In conformity with the provisions of the fourth and seventh Directives, the following information should be disclosed in the notes:
 - (a) description of the valuation methods applied, and the methods applied in calculating the value adjustments, on environmental issues as part of the disclosure required by Article 43(1)(1) of the fourth Directive and Article 34(1) of the seventh Directive;
 - (b) extraordinary environmental expenditures charged to the profit and loss account, in accordance with Article 29 of the fourth Directive and Article 17 of the seventh Directive;
 - (c) disclosure and details of the caption 'Other provisions', if not disclosed on the face of the balance sheet, in line with paragraph 4;
 - (d) contingent environmental liabilities, in conformity with Article 43(1)(7) of the fourth Directive and Article 34(7) of the seventh Directive, including narrative information in sufficient detail, so that the nature of the contingency can be understood. If significant measurement uncertainties make it impossible to estimate the amount of an environmental liability, this fact together with the reasons therefor should be disclosed along with, where possible, the range of possible outcomes.
6. In addition to the requirements of the fourth and seventh Directives, the following disclosures should be provided in the notes:
 - (a) for each material environmental liability, a description of its nature and an indication of the timing and terms of settlement. An explanation of the damage and of the laws or regulations which require its remediation and the restoring or preventive steps being taken or proposed. Where the nature and conditions of the items are sufficiently similar this information could be disclosed in an aggregated manner. If the amount of costs is estimated based on a range of amounts, a description of how the estimate was arrived at, with an indication of any expected changes in the law or to existing technology that are reflected in the amounts provided for;
 - (b) where the present value method has been used and the effect of discounting is material, the undiscounted amount of the liability and the discount rate used should be disclosed;
 - (c) in the case of long-term site-restoration, decommissioning and dismantling costs, the accounting policy. Where the company uses a gradual build-up of a provision under paragraph 29 of section 3, the amount of the full provision that would be required to cover all such long-term costs. The provisions 6(d) and 6(e), with regard to disclosure of environmental expenditure charged to the profit and loss account and environmental expenditure capitalised, should also be taken into consideration;
 - (d) the amount of environmental expenditure charged to the profit and loss account and the basis on which such amounts are calculated. Where relevant, a subdivision of the items the enterprise has identified as environmental expenditure, in a manner that is appropriate to the nature and size of the business operations of the company and to the types of environmental issues relevant to the enterprise. To the extent that it is possible and relevant, a breakdown of the expenditure by environmental domain as referred to in paragraph 4 of section 2 is appropriate;
 - (e) to the extent that it can be reliably estimated, the amount of environmental expenditure capitalised during the reporting period. If applicable, it should also be disclosed what part of the amount concerned relates to expenditure aimed at removing pollutants after their creation, and what part represents the additional expenditure to adapt the installation or the production process in order to generate less pollution (i.e. that relates to technologies or practices for pollution prevention). To the extent that is possible and relevant, a breakdown of capitalised expenditure by environmental domain as referred to in paragraph 4 of section 2 is appropriate;

- (f) where significant, costs incurred as a result of fines and penalties for non-compliance with environmental regulations, and compensations paid to third parties, for example as a result of loss or injury caused by past environmental pollution, should be disclosed separately, if not already separately disclosed as extraordinary items. Whilst related to the impact of the company's operation on the environment, these costs do not prevent, reduce or repair damage to the environment, therefore separate disclosure from environmental expenditures is appropriate;
 - (g) government incentives related to environmental protection received or entitled to by the company. The terms of each item concerned, or where similar a summary of the conditions. The accounting treatment adopted should also be disclosed.
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