

**DECISION No 1/2002 OF THE EC/DENMARK-FAROE ISLANDS JOINT COMMITTEE  
of 20 March 2002**

**on the introduction of Article 20a 'Accounting segregation' in Protocol 3, concerning the definition  
of the concept of 'originating products' and methods of administrative cooperation**

(2002/306/EC)

THE JOINT COMMITTEE,

Having regard to the Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part<sup>(1)</sup>, hereinafter referred to as 'the Agreement' and in particular Article 34(1) thereof,

Whereas:

- (1) Protocol 3 to the Agreement, concerning the definition of the concept of 'originating products' and methods of administrative cooperation entered into force on 1 January 1997.
- (2) In the context of trade relations established on the basis of the Agreement, the need to provide for a system of accounting segregation has arisen.
- (3) The 'accounting segregation' method should be authorised under certain conditions, where considerable cost or material difficulties arise in keeping separate stocks of identical and interchangeable originating and non-originating materials to be incorporated into a product for exportation under preferential treatment. The authorisations should be subject to monitoring and withdrawal in the case of improper use, by the competent customs authorities,

HAS DECIDED AS FOLLOWS:

*Article 1*

In Protocol 3 on the definition of the concept of 'originating products' and methods of administrative cooperation set out in the Agreement, the following Article shall be inserted:

*'Article 20a*

**Accounting segregation**

1. Where considerable cost or material difficulties arise in keeping separate stocks of originating and non-originating materials which are identical and interchangeable, the

customs authorities may, at the written request of those concerned, authorise the so-called accounting segregation method to be used for managing such stocks.

2. This method must be able to ensure that the number of products obtained which could be considered as originating is the same as that which would have been obtained if there had been physical segregation of the stocks.

3. The customs authorities may grant such authorisation, subject to any conditions deemed appropriate.

4. This method is recorded and applied on the basis of the general accounting principles applicable in the country where the product was manufactured.

5. The beneficiary of this facilitation may issue or apply for proofs of origin, as the case may be, for the quantity of products which may be considered as originating. At the request of the customs authorities, the beneficiary shall provide a statement of how the quantities have been managed.

6. The customs authorities shall monitor the use made of the authorisation and may withdraw it at any time whenever the beneficiary makes improper use of the authorisation in any manner whatsoever or fails to fulfil any of the other conditions laid down in this Protocol.'

*Article 2*

This Decision shall enter into force on the day of its adoption.

It shall apply from 1 January 2002.

Done at Tórshavn, 20 March 2002.

*For the Joint Committee*

*The President*

Herluf SIGVALDSSON

---

<sup>(1)</sup> OJ L 53, 22.2.1997, p. 2.