

**FREE TRADE AGREEMENT BETWEEN THE FORMER YUGOSLAV REPUBLIC OF
MACEDONIA AND BOSNIA AND HERZEGOVINA**

FREE TRADE AGREEMENT BETWEEN THE REPUBLIC OF MACEDONIA AND
BOSNIA AND HERZEGOVINA

PREAMBLE

Desirous to develop and strengthen friendly relations, especially in the fields of economic co-operation and trade, with an aim to contribute to the progress of economic co-operation between the two countries and to increase the scope of mutual trade exchange;

The Republic of Macedonia and Bosnia and Herzegovina (hereinafter referred to as "the Contracting Parties");

Confirming their intention to participate actively in the process of regional economic integration in Southeastern Europe and in the process of European integration, expressing their preparedness to co-operate in seeking ways and means to strengthen this process;

Declaring their readiness to undertake activities with a view of promoting harmonious development of their trade, as well as of expanding and diversifying their mutual co-operation in the fields of joint interest, including fields not covered by this Agreement, thus creating a framework and supportive environment based on equality, non-discrimination, and a balance of rights and obligations;

Resolved to the above mentioned, as well as to eliminate progressively the obstacles to substantially all their mutual trade in accordance with the provisions of the General Agreement on Tariffs and Trade (hereinafter referred to as "GATT 1994") and the Marrakesh Agreement Establishing the World Trade Organization (hereinafter referred to as "WTO"), having in mind the objective of both Contracting Parties for membership in WTO;

Determined for this objective to determine the provisions directed towards gradual abolish of obstacles in trade exchange among Contracting Parties in accordance with the provisions of this instruments;

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

Have decided, in pursuance of these objectives, to conclude the following Agreement (hereinafter referred to as "this Agreement");

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Article 1

Objectives

1. The Contracting Parties shall gradually establish a free trade area in a transitional period ending on 31/12/2004, in accordance with the provisions of this Agreement and in conformity with the definition, set out in Article XXIV of the GATT 1994 and the WTO.

2. The objectives of this Agreement are:

- (a) to increase the economic co-operation and raise the standard of living of the population of the two countries;
- (b) to gradually eliminate difficulties and restrictions on trade in goods, including also the agricultural products;
- (c) to promote, through the expansion of reciprocal trade, the harmonious development of the economic relations between the Contracting Parties;
- (d) to provide fair conditions of competition for trade between the Contracting Parties;
- (e) to contribute by the removal of barriers to trade, to the harmonious development and expansion of world trade;
- (f) to enhance co-operation between the Contracting Parties;
- (g) to create conditions for further encouragement of investments, particularly for the development of joint investments in both countries;
- (h) to promote trade and co-operation between the Contracting Parties in third country markets.

CHAPTER I: INDUSTRIAL PRODUCTS

Article 2

Scope

1. The provisions of this Chapter shall apply to industrial products originating in the Contracting Parties.

2. The term “industrial products” means for the purpose of this Agreement the products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System with the exception of the products listed in Annex 1 to this Agreement.

Article 3

Basic Duties

1. For commercial exchanges covered by this Agreement, the Customs Tariffs of the Contracting Parties shall be applied to the classification of goods for imports into them.

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2. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the MFN duty in force on the date of application of this Agreement.

3. If after the date of application of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular, reductions resulting from the tariff agreement concluded as a result of the GATT Uruguay Round, such reduced duties shall replace the basic duties referred to in paragraph 2 of this Article as from that date when such reductions are applied.

4. The reduced duties, calculated in accordance with paragraph 2 of this Article, shall be rounded off to the second decimal place.

5. The Contracting Parties shall mutually exchange their basic duties.

Article 4

Customs Duties On Imports And Charges Having Equivalent Effect

1. No new customs duties on imports, charges having an effect equivalent to customs duties and other import duties of a fiscal nature shall be introduced in trade between the Contracting Parties.

2. Custom duties on imports and charges having equivalent effect, applicable in the Republic of Macedonia on industrial products originating in Bosnia and Herzegovina shall be abolished on the date of application of this Agreement, except for products specified in Annex 2 to this Agreement. Customs duties on imports and charges having equivalent effect of the products specified in Annex 2 of this Agreement, shall be abolished as it is specified in this Annex.

3. Customs duties on imports and charges having equivalent effect, applicable in Bosnia and Herzegovina on industrial products originating in the Republic of Macedonia shall be progressively reduced in accordance with the following timetable:

- From July 1, 2002 to 60% of the basic duty;
- From January 1, 2003 to 50% of the basic duty;
- From January 1, 2004 to 40% of the basic duty;
- From January 1, 2005 the remaining duties shall be abolished.

Article 5

Customs Duties On Exports And Charges Having Equivalent Effect

1. No new custom duties on exports, charges having equivalent effect to customs duties, and other export duties of a fiscal nature shall be introduced in trade between the Contracting Parties.

2. The Contracting Parties shall abolish all customs duties on exports or charges having equivalent effect to custom duties, and other export duties of a fiscal nature on the date of application of this Agreement.

Article 6

Quantitative Restrictions On Imports And Measures Having Equivalent Effect

1. No new quantitative restrictions on imports or measures having equivalent effect shall be introduced in trade between the Contracting Parties on the date of application of this Agreement.

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2. All quantitative restrictions on imports and measures having equivalent effect shall be abolished on the date of application of this Agreement.

Article 7

Quantitative Restrictions On Exports And Measures Having Equivalent Effect

1. No new quantitative restrictions on exports or measures having equivalent effect shall be introduced in trade between the Contracting Parties on the date of application of this Agreement.

2. All quantitative restrictions on exports and measures having equivalent effect shall be abolished on the date of application of this Agreement.

Article 8

Elimination Of Technical Barriers To Trade

1. The rights and obligations of the Contracting Parties relating to standards or technical regulations and related measures shall be governed in accordance with the WTO Agreement on Technical Barriers to Trade.

2. The Contracting Parties shall co-operate and exchange information in the field of standardization, metrology, conformity assessment and accreditation with the aim of eliminating technical barriers to trade.

3. Each Contracting Party, upon a request of the other Contracting Party, shall provide information on particular individual cases of standards, technical norms or related measures.

4. The Contracting Parties shall aim to reduce technical barriers to trade. To this end the Contracting Parties will enter, where appropriate, into negotiations for the conclusion of the Agreements for the mutual recognition in the field of conformity assessment, for the products subject to mutual trade between the Contracting Parties.

CHAPTER II: AGRICULTURAL PRODUCTS

Article 9

Scope

1. The provisions of this Chapter shall apply to agricultural products originating in the Contracting Parties.

2. The term "agricultural products" means for the purpose of this Agreement the products falling within Chapters 1 to 24 of the Harmonized Commodity Description and Coding System and the products listed in Annex 1 to this Agreement.

Article 10

Basic Duties

1. For commercial exchanges covered by this Agreement, the Customs Tariffs of the Contracting Parties shall be applied to the classification of goods for imports into them.

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2. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the MFN duty in force on the date of application of this Agreement.

3. If after the date of application of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular, reductions resulting from the tariff agreement concluded as a result of the GATT Uruguay Round, such reduced duties shall replace the basic duties referred to in paragraph 2 of this Article as from that date when such reductions are applied.

4. The reduced duties, calculated in accordance with paragraph 2 of this Article, shall be rounded off to the second decimal place.

5. The Contracting Parties shall mutually exchange their basic duties.

Article 11

Customs Duties On Imports And Charges Having Equivalent Effect

1. No new customs duties on imports, charges having an effect equivalent to customs duties and other import duties of a fiscal nature shall be introduced in trade between the Contracting Parties.

2. Custom duties on imports and charges having equivalent effect, applicable in the Republic of Macedonia on agricultural products originating in Bosnia and Herzegovina shall be abolished on the date of application of this Agreement, except for products specified in Annex 3 to this Agreement. Customs duties on imports and charges having equivalent effect of the products specified in Annex 3 of this Agreement, shall be abolished as it is specified in this Annex.

3. Customs duties on imports and charges having equivalent effect, applicable in Bosnia and Herzegovina on agricultural products originating in the Republic of Macedonia shall be progressively reduced in accordance with the following timetable:

- From July 1, 2002 to 60% of their value;

- From January 1, 2003 to 50% of their value;
- From January 1, 2004 to 40% of their value;
- From January 1, 2005 the remaining duties shall be abolished.

Article 12

Agricultural Policy

1. Without prejudice to the provisions under Article 10 of this Agreement, the provisions of the Chapter II of this Agreement shall not restrict in any way the pursuance of the respective agricultural policies of the Contracting Parties or the taking of any measures under such policies, including the implementation of the provisions of the WTO Agreement on Agriculture.

2. The Contracting Parties shall notify to the Joint Committee changes in their respective agricultural policies pursued or measures which may affect the conditions of trade in agricultural products between them. On the request of either Contracting Party, prompt consultations shall be held within the Joint Committee, to examine the situation.

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Article 13

Specific Safeguards

Notwithstanding other provisions of this Agreement, in particular Article 20 of this Agreement, given the particular sensitivity of the agricultural products, if imports of products originating in one Contracting Party, which are subject of concessions, granted under this Agreement, cause serious disturbances to the market of the other Contracting Party, the Contracting Party concerned shall enter into prompt consultations to find an appropriate solution. Pending such solution, the Contracting Party concerned may take appropriate measures it deems necessary.

Article 14

Sanitary And Phytosanitary Measures

1. The Contracting Parties shall apply their national regulations in veterinary, phytosanitary and sanitary matters, in particular in the exchange of information on infectious diseases of domestic animals, quarantine diseases, plant pests and weed, in a way that complies to the WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

2. The Contracting Parties shall apply their regulations in veterinary, phytosanitary and sanitary matters in a non-discriminatory way and shall not introduce new measures that may have the effect of unduly obstructing trade.

3. The measures, concerning veterinary and phytosanitary control among the Contracting Parties, shall be harmonized in accordance with the European Union (hereinafter referred to as "EU") legislation.

4. The Contracting Parties undertake the obligations to exchange information on the level of the sanitary and phytosanitary protection of animals, plants and products.

5. The Contracting Parties shall conclude Agreement for mutual co-operation in veterinary and phytosanitary matters and plants protection.

Article 15

Elimination Of Technical Barriers To Trade

1. The rights and obligations of the Contracting Parties relating to standards or technical regulations and related measures shall be governed in accordance with the WTO Agreement on Technical Barriers to Trade.

2. The Contracting Parties shall co-operate and exchange information in the field of standardization, metrology, conformity assessment and accreditation with the aim of eliminating technical barriers to trade.

3. Each Contracting Party, upon a request of the other Contracting Party, shall provide information on particular individual cases of standards, technical norms or related measures.

4. The Contracting Parties shall aim to reduce technical barriers to trade. To this end the Contracting Parties will enter, where appropriate, into negotiations for the conclusion of the Agreements for the mutual recognition in the field of conformity assessment, for the products subject to mutual trade between the Contracting Parties.

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CHAPTER III: GENERAL PROVISIONS

Article 16

Internal Taxation

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

2. Products exported to one of the Contracting Parties may not benefit from repayment of internal taxes in excess of the amount of indirect taxes imposed on them.

Article 17

Customs Unions, Free Trade Areas And Frontier Trade

1. This Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade to the extent that these do not negatively affect the trade regime between the Contracting Parties and in particular the provisions concerning rules of origin provided for by this Agreement.

2. Exchange of information shall take place, upon request of either Contracting Party, within the Joint Committee concerning agreements establishing such custom unions or free trade areas.

Article 18

Structural Adjustment

1. Exceptional measures of limited duration which are not in accordance with the provisions of Article 4 of this Agreement may be taken by any of the Contracting Parties in the form of increased customs duties.

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

3. Customs duties on imports applicable in one of the Contracting Parties to products originating in the other Contracting Party introduced in accordance with the paragraphs 1 and 2 of this Article may not exceed 25% *ad valorem* and shall maintain an element of preference in customs duties for products originating in the other Contracting Party. The total value of imports of the products which are subject to these measures may not exceed 15% of total imports of industrial products from the other Contracting Party as defined in Chapter I of this Agreement, during the last year for which statistics are available.

4. These measures shall be applied for a period not exceeding five successive years unless a longer duration is authorized by the Joint Committee.

5. The Contracting Party concerned shall inform the other Contracting Party of any exceptional measures it intends to take and, at the request of the other Contracting Party, consultations shall be held immediately within the Joint Committee on such measures and the sectors to which they apply. When taking such measures the Contracting Party concerned shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall

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provide for a phasing out of these duties starting at the latest two years after their introduction, at equal annual rates. The Joint Committee may decide on a different schedule.

Article 19

Dumping

If one of the Contracting Parties finds that dumping within the meaning of Article VI of the GATT 1994 is taking place in trade relations governed by this Agreement, it may take appropriate measures against those practices in accordance with the WTO Agreement on Implementation of Article VI of the GATT 1994 under the conditions and in accordance with the procedure laid down in Article 23 of this Agreement.

Article 20

General Safeguards

Where any product is being imported in such increased quantities and under conditions as to cause or threaten to cause:

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

the Contracting Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 23 of this Agreement.

Article 21

Re-Export And Serious Shortage

Where compliance with the provisions of Articles 5 and 7 is related to:

- (a) re-export towards a third country against which the exporting Contracting Party to this Agreement maintains for the product concerned quantitative export restrictions, export duties or measures or charges having equivalent effect; or
- (b) a serious shortage, or threat thereof, of a product essential to the exporting Contracting Party;

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Contracting Party, that Contracting Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 23 of this Agreement. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 22

State Monopolies

1. The Contracting Parties shall adjust progressively any State monopoly of a commercial character so as to ensure that by the end of the transitional period laid down in Article 1 of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed,

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exists between natural and legal persons of the Contracting Parties. The Contracting Parties shall inform each other about the measures adopted to implement this objective.

2. The provisions of this Article shall apply to any body through which the competent authorities of the Contracting Parties, in law or in fact, either directly or indirectly supervise, determine or appreciably influence imports or exports between the Contracting Parties. These provisions shall likewise apply to monopolies delegated by the State to other bodies.

Article 23

Procedure For The Application Of Safeguard Measures

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

2. In the event of either Contracting Party subjecting imports of products liable to give rise to the situation referred to in Article 20 of this Agreement to an administrative procedure having as its purpose the rapid provision of information on the trade flows, it shall inform the other Contracting Party.

3. (a) With regard to Articles 19, 20 and 21 of this Agreement, the Joint Committee shall examine the case or the situation and may take any decision needed to put an end to the difficulties notified by the Contracting Party concerned. In the case of the absence of such decision within 30 days from the date of the matter being referred to the Joint Committee, the Contracting Party concerned may adopt the necessary measures in order to remedy the situation.

(b) As regards Article 34 of this Agreement, the Contracting Party concerned may take appropriate measures after the consultations have been concluded or a period of three months has elapsed from the date of the first written notification to the other Contracting Party.

(c) With regard to Articles 26 and 27 of this Agreement, the Contracting Party concerned shall give the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the Contracting Party in question fails to put an end to the practice objected to within the period fixed by the Joint Committee, or if the Joint Committee fails to reach an agreement within thirty working days of the matter being referred to it, the Contracting Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.

4. The safeguard measures taken shall be immediately notified to the other Contracting Party. With regard to their extent and to their duration, measures shall be limited to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be in excess of the injury caused by the practice or the difficulty in question. Priority shall be given to measures which will least disturb the functioning of this Agreement. The measures taken by a Contracting Party against an action or an omission of the other Contracting Party may only affect the trade with that Contracting Party.

5. The safeguard measures taken shall be the object of periodic consultations within the Joint Committee with a view to their relaxation as soon as possible, or abolition when conditions no longer justify their maintenance.

6. Where exceptional circumstances requiring immediate action make prior examination impossible, the Contracting Party concerned may, in the cases of Articles 19, 20 and 21 of this Agreement, apply forthwith the provisional measures necessary to remedy the situation. The measures taken shall be notified to the other Contracting Party without delay, and consultations between the Contracting Parties shall take place as soon as possible within the Joint Committee.

7. Without prejudice to paragraph 6 of this Article, a Contracting Party which considers resorting to safeguard measures shall promptly notify in writing the other Contracting Party thereof and supply all relevant information. Consultations between the Contracting Parties shall take place without delay within the Joint Committee with a view to finding a solution acceptable to both Contracting Parties.

Article 24

Rules Of Origin And Co-Operation In Customs Administration

1. The Contracting Parties agree to apply the harmonized European preferential rules of origin in the mutual trade including all existing and further amendments thereto. In case the European rules of origin are amended, the Joint Committee shall make a decision on amending rules of origin.

2. Protocol A to this Agreement (hereinafter referred to as "Protocol A") lays down the rules of origin and related methods of administrative co-operation.

3. The Contracting Parties shall take appropriate measures, including regular reviews by the Joint Committee and arrangements for administrative co-operation, to ensure that the provisions of Protocol A and Articles 3 to 8, 10, 11, 12, 16, 18, 20 and 21 of this Agreement are effectively and harmoniously applied, and to reduce, as far as possible, the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.

4. The Contracting Parties shall conclude separate Agreement for co-operation between their Customs Administration, as soon as possible.

Article 25

Payments

1. Any payment arising from trade of goods, services and rights to non material goods between the Contracting Parties shall be made in convertible currency.

2. Payments in freely convertible currencies relating to trade in goods between the Contracting Parties and the transfer of such payments to the territory of the Contracting Party where the creditor resides shall be free from any restrictions.

3. The Contracting Parties shall refrain from any exchange or administrative restrictions on the grant, repayment or acceptance of short or medium term credits to trade in goods in which person residing in one of the Contracting Parties participates.

4. Notwithstanding the provisions of paragraph 3 of this Article, any measures concerning current payments connected with the movement of goods shall be in conformity with the conditions laid down under Article VIII of the Agreement of the International Monetary Fund and shall be applied on a non-discriminatory basis.

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Article 26

Rules Of Competition Concerning Undertakings

1. The following are incompatible with the proper functioning of this Agreement insofar as they may affect trade between the Contracting Parties:

(a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;

(b) abuse by one or more undertakings of a dominant position in the territories of the Contracting Parties as a whole or in a substantial part thereof.

2. The provisions of paragraph 1 of this Article shall apply to the activities of all undertakings including public undertakings and undertakings to which the Contracting Parties grant special or exclusive rights. Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly, shall be subject to provisions of paragraph 1 of this Article insofar as the application of these provisions does not obstruct the performance, in law or in fact, of the particular public tasks assigned to them.

3. With regard to agricultural products the provisions of paragraph 1 a. of this Article shall not apply to such agreements, decisions and practices which form an integral part of a national market organization.

4. If a Contracting Party considers that a given practice is incompatible with paragraphs 1, 2 and 3 of this Article and if such practice causes or threatens to cause serious prejudice to the interest of that Contracting Party or material injury to its domestic industry, it may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 23 of this Agreement.

Article 27

State Aid

1. Any aid granted by a State being Contracting Party to this Agreement or through State resources in any form whatsoever which distorts or threatens to distort competition by favoring certain undertakings or the production of certain goods shall, insofar as it may affect trade between the Contracting Parties, be incompatible with the proper functioning of this Agreement.

2. For agricultural products the provisions of paragraph 1 of this Article shall comply with the relevant WTO Agreements.

3. The Joint Committee shall, within three years from the entry into force of this Agreement, adopt the criteria on the basis of which the practices contrary to paragraph 1 of this Article shall be assessed, as well as the rules for their implementation.

4. The Contracting Parties shall ensure transparency in the area of state aid, *inter alia* by reporting annually to the Joint Committee on the total amount and the distribution of the aid given and by providing to the other Contracting Party, upon request, information on aid schemes and on particular individual cases of state aid.

5. If a Contracting Party considers that a particular practice:

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- is incompatible with the terms of paragraph 1 of this Article, and is not adequately dealt with under the implementing rules referred to in paragraph 3 of this Article, or
- in the absence of rules, referred to in paragraph 3 of this Article, causes or threatens to cause serious prejudice to the interest of that Contracting Party or material injury to its domestic industry,

it may take appropriate measures under the conditions of and in accordance with the provisions laid down in Article 23 of this Agreement.

6. Such appropriate measures may only be taken in conformity with the procedures and under the conditions laid down by the GATT 1994 and the WTO, and any other relevant instruments negotiated under their auspices, which are applicable between the Contracting Parties concerned.

Article 28

Public Procurement

1. The Contracting Parties consider the liberalization of their respective public procurement markets as an objective of this Agreement.

2. The Contracting Parties shall progressively adjust their rules, conditions and practices with a view to grant suppliers of the other Contracting Party, access to contract award procedures on their public procurement markets, at the latest to the end of transitional period from Article 1 of this Agreement.

3. The Joint Committee shall examine developments related to the achievement of the objectives of this Article and may recommend practical modalities of implementing the provisions of paragraph 2 of this Article so as to ensure free access, transparency and mutual opening of their respective public procurement markets in the Contracting Parties.

4. The Contracting Parties shall endeavor to accede to the relevant Agreements on public procurements negotiated under the auspices of the GATT 1994 and WTO.

Article 29

Balance Of Payments Difficulties

1. The Contracting Parties shall endeavor to avoid the imposition of restrictive measures including measures relating to imports for balance of payments difficulties.

2. Where either Contracting Party is in a serious balance of payment's difficulties or under the threat thereof, the Contracting Party concerned may in accordance with the conditions laid down within the framework of WTO and in accordance with Article VIII of the Agreement of International Monetary Fund, adopt restrictive measures, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The Contracting Party concerned shall inform the other Contracting Party forthwith of their introduction and present to the other Contracting Party, as soon as possible, a time schedule of their removal.

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Article 30

Intellectual Property Rights

1. The Contracting Parties confirm their readiness for co-operation regarding the questions related to intellectual property rights connected with the trade, and if it is necessary to use the measures constituting Annex I C to the Marrakesh Agreement, establishing the WTO, as well as other conventions on questions related to intellectual property protection, to which both Contracting Parties are parties.

2. For the purpose of this Agreement the term "intellectual property" refers to all categories of intellectual property such as: copyrights and neighboring rights, trademarks, geographical indications, topographies of integrated circuits, industrial designs, patents, undisclosed information including know-how.

3. In fulfillment of their commitments under international agreements and legislation in the field of intellectual property rights, the Contracting Parties shall not grant to nationals of the state of the other Contracting Party treatment less favorable than that accorded to its own nationals or nationals of any third state.

4. The Contracting Parties shall co-operate in matters of intellectual property. Upon request of a Contracting Party, they shall hold consultations of experts on these matters, in particular with respect to activities relating the existing or to future international conventions on the harmonization, administration and vindication of intellectual property rights and on activities in international organizations, such as the WTO, World Intellectual Property Organization, as well as concerning the relations of the Contracting Parties with third countries with respect to the intellectual property matters.

5. The implementation of this Article shall be regularly assessed by the Contracting Parties. Upon difficulties in trade in relation with the rights of intellectual including industrial property, any of the Contracting Parties may request urgent consultations for finding mutually acceptable solution.

Article 31

The Joint Committee

1. A Joint Committee is hereby established and shall be composed of the representatives of the Contracting Parties.

2. The implementation of this Agreement shall be supervised and administered by the Joint Committee.

3. For the purpose of the proper implementation of this Agreement, the Contracting Parties shall exchange information and, at the request of either Contracting Party, shall hold consultations within the Joint Committee. The Committee shall keep under review the possibility of further removal of the obstacles to trade between the Contracting Parties.

4. The Joint Committee may take decisions in the cases provided for in this Agreement. On other matters the Committee may make recommendations.

Article 32

Procedures Of The Joint Committee

1. For the proper implementation of this Agreement, the Joint Committee shall meet whenever necessary, but at least once a year. Either Contracting Party may request a meeting to be held.

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2. The Joint Committee shall take decisions and recommendations by consensus.

3. If a representative of a Contracting Party in the Joint Committee, has accepted a decision subject to the fulfillment of constitutional and other legislative requirements the decision shall enter into force, if no later date is contained therein, on the day the lifting of the reservation is notified.

4. The Joint Committee shall adopt its rules of procedure which shall, *inter alia*, contain provisions for convening meetings and for the designation of the Chairman and his/her term of office.

5. The Joint Committee may decide to set up such sub-committees and working groups as it considers necessary to assist it in accomplishing its tasks.

Article 33

Security Exceptions

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

(a) to prevent the disclosure of information contrary to its essential security interests;

(b) for the protection of its essential security interests or for the implementation of international obligations or national policies:

(i) relating to the traffic in arms, ammunition and implements of war, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes, and to such traffic in other goods, materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment; or

(ii) relating to the non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or

(iii) in time of war or other serious international tension constituting the threat of war.

2. In accordance with the regulations in force in the Contracting Parties, the competent authorities shall issue import and export licenses for those products to which, in import-export, applies licenses regime compulsory by the international agreements and conventions.

3. To mutual goods exchange originating in the Contracting Parties which contaminate human environment, the Contracting Parties shall apply provisions of the regulations in accordance to the international agreements and conventions.

Article 34

General Exceptions

Nothing in this Agreement shall be construed as to prevent any Contracting Party from adopting or enforcing any measure allowed in Article XX of the GATT 1994.

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Article 35

Fulfillment Of Obligations

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

2. If either Contracting Party considers that the other Contracting Party has failed to fulfill an obligation under this Agreement, the Contracting Party concerned may take the appropriate measures under the conditions and in accordance with the procedures laid down in Article 23 of this Agreement.

Article 36

Evolutionary Clause

1. Where either Contracting Party considers that it would be useful in the interest of the economies of the Contracting Parties to develop the relations established by this Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the other Contracting Party. The Contracting Parties may instruct the Joint Committee to examine this request and, where appropriate, to make recommendations to them, particularly with a view to opening negotiations.

2. Agreements resulting from the procedure referred to in paragraph 1 of this Article will be subject to ratification of approval by the Contracting Parties to this Agreement in accordance with their internal legal procedures.

Article 37

Amendments

Amendments to this Agreement, including Annexes and Protocol, may be proposed by either Contracting Party and shall enter into force on the date of receipt of the last notification, through diplomatic channels, confirming that all internal legal procedures required by either Contracting Party for their entry into force have been fulfilled.

Article 38

Protocols And Annexes

Annexes and Protocol concerning the definition of the concept of “originating products” and methods of administrative co-operation to this Agreement shall form an integral part thereof. The Joint Committee may decide to amend them subject to the domestic procedures of the Contracting Parties.

Article 39

Validity And Denouncement

1. This Agreement is concluded for an indefinite period of time.

2. Each Contracting Party may denounce this Agreement through diplomatic channels by a written notification to the other Contracting Party. In such case the Agreement shall be denounced on the first day of the seventh month after the date when the other Contracting Party has received the written notification.

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3. The Contracting Parties agreed, that in case of accession of one of the Contracting Parties to the European Union, the Agreement will be terminated without successive compensations for the other Contracting Party, on the day before the date of the accession to the EU, and in accordance with the procedure laid down in paragraph 2 of this Article.

Article 40

Entry Into Force

This Agreement shall enter into force on the first day of the month following the date when the Contracting Parties have notified each other through diplomatic channels that their respective internal requirements for the entry into force of this Agreement have been fulfilled.

Article 41

Provisional Application

This Agreement shall be applied provisionally from 1 July 2002.

IN WITNESS WHEREOF the undersigned plenipotentiaries, being duly authorized thereto, have signed this Agreement.

DONE at _____ this ____ day of _____ 2002 in two originals, in English language, each being equally authentic.

FOR THE REPUBLIC OF MACEDONIA FOR BOSNIA AND HERZEGOVINA
