

**FREE TRADE AGREEMENT BETWEEN  
ALBANIA AND SERBIA AND MONTENEGRO**

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FREE TRADE AGREEMENT BETWEEN SERBIA AND MONTENEGRO  
AND THE REPUBLIC OF ALBANIA

PREAMBLE

*Desirous* to develop and strengthen friendly relations, especially in the fields of trade and economic cooperation, with the aim to contribute to the development of economic cooperation between the two countries and to increase the scope of mutual trade exchange,

*Serbia and Montenegro and the Republic of Albania* (hereinafter called "the Contracting Parties"),

*Reaffirming* their commitment to the principles of market economy, which constitutes the basis for their relations,

*Considering* their common desire to participate actively in the process of international economic integration,

*Expressing* their readiness to cooperate in finding the means and ways for strengthening of this process,

*Resolved* to this and 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 "GATT 1994") and the Marrakesh Agreement, establishing the World Trade Organization (hereinafter "WTO"),

*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 cooperation 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 balance of rights and obligations,

*Firmly* decided that this Agreement will promote the intensification of mutually beneficial trade between them and will bring to the process of integration in Europe,

*Considering* that no provision of this Agreement may be interpreted as exempting the Contracting Parties from their obligations under other international agreements, especially the GATT 1994 and the WTO,

*Have Decided*, as follows:

*Article 1*

Objectives

1. The Contracting Parties shall gradually establish a free trade area in a transitional period ending by 1 January 2007, starting from the entry into force of this Agreement, 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:
  - to increase the economic cooperation of the two countries and to raise the standard of living of their population,
  - to gradually eliminate restrictions on trade in goods,
  - to provide fair conditions of competition for trade between the Contracting Parties,
  - to contribute in this way, by removal of barriers to trade, to the harmonious development and expansion of world trade,
  - to enhance cooperation between the Contracting Parties,
  - to create conditions for further promotion of investments, particularly for the development of joint investment in both countries,
  - to promote trade and cooperation of the Contracting Parties on third countries markets.

**CHAPTER I**

**INDUSTRIAL PRODUCTS**

*Article 2*

Scope

The provisions of this Chapter shall apply to industrial products, originating in one of the Contracting Parties. For the purpose of this Agreement, the term “industrial products” means products falling within Chapters 25 to 97 of Harmonized Commodity Description and Coding System with the exception of the products listed in Annex I.

### *Article 3*

#### Basic Duties

1. For commercial exchanges, covered by this Agreement, customs tariffs which are in force in the contracting Parties, will be applied to the classification of imported goods.
2. For each product the basic duty, to which successive reductions, set out in this Agreement, are to be applied, shall be the Most Favoured Nation rate of duty, applicable by the Contracting Parties on the date of entry into force of this Agreement.
3. If after this date, any tariff reduction is applied on an *erga omnes* basis, such reduced duties shall replace the basic duties under paragraph 2 of this Article as from the date of application of such reductions.
4. The reduced duties, calculated in accordance with paragraph 2 of this Article, shall be rounded without decimal numbers, in accordance with arithmetical rules. Thus, decimal additions from 0.1 - 0.5 should be avoided, while decimal 0.5 - 0.9 shall increase the principal by 1.
5. The Contracting Parties shall mutually exchange information on their basic duties.

### *Article 4*

#### Customs Duties On Imports

1. No new customs duties on imports shall be introduced, nor shall those already applied be increased in trade between the Contracting Parties from the date of entry into force of this Agreement.
2. Customs duties on imports, applicable in the Republic of Albania on products, originating in Serbia and Montenegro shall be abolished upon the entry into the force of this Agreement, except those specified in Annex II. Custom duties that are specified in Annex II shall be progressively reduced and abolished in accordance with the timetable provided in Annex II.
3. Customs duties on imports, applicable in Serbia and Montenegro on products, originating in the Republic of Albania shall be abolished upon the entry into the force of this Agreement, except those specified in Annex III. Custom duties that are specified in Annex III shall be progressively reduced and abolished in accordance with the timetable provided in Annex III.
4. Any changes in commitments of the Contracting Parties to the European Union (hereinafter called "EU") in this regard shall be referred to the Joint Committee, as defined in Article 33 of this Agreement.

### *Article 5*

#### Charges Equivalent To Customs Duties On Imports

1. No new charges, having effect equivalent to customs duties on imports, shall be introduced in trade between the Contracting Parties from the date of entry into force of this Agreement.
2. All charges, having effect equivalent to customs duties on imports, shall be abolished on the date of entry into force of this Agreement.

*Article 6*

Fiscal Duties

The provisions of Article 4 of this Agreement shall also apply to customs duties of a fiscal nature.

*Article 7*

Customs Duties On Exports And Charges Having Equivalent Effect

1. No new customs duties on exports or charges, having equivalent effect, shall be introduced in trade between the Contracting Parties from the date of entry into force of this Agreement.
2. All customs duties on exports and charges, having equivalent effect shall be abolished on the date of entry into force of this Agreement.

*Article 8*

Quantitative Restrictions On Exports And Imports And Measures Having Equivalent Effect

1. No new quantitative restrictions on exports and imports or measures having equivalent effect, shall be introduced nor shall the existing be made more restrictive in the trade between the Contracting Parties from the date of entry into force of this Agreement.
2. All quantitative restrictions on exports and imports and measures having equivalent effect, shall be abolished on the date of entry into force of this Agreement except those on imports listed in Annex IV.

*Article 9*

Technical Barriers To Trade

1. The rights and obligations of the Contracting Parties, relating to technical barriers to trade, regulations (technical regulations, standards and conformity assessment procedures) and the respective measures, shall be governed by the WTO Agreement on Technical Barriers to Trade.
2. The Contracting Parties shall cooperate 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 from the other Contracting Party, shall submit information on particular individual cases of standards, technical rules or similar measures.
4. The Contracting Parties will, where appropriate, enter into negotiations for the conclusion of agreements on mutual recognition in the field of conformity assessment, in the spirit of the recommendations of the WTO Agreement on Technical Barriers to Trade.

**CHAPTER II**  
**AGRICULTURAL PRODUCTS**

*Article 10*

Scope

The provisions of this Chapter shall apply to agricultural products (hereinafter called "agricultural products"), falling within Chapters 1 to 24 of the Harmonized Commodity Description and Coding System, and the products listed in Annex I to this Agreement, originating in the Contracting Parties.

*Article 11*

Quantitative Restriction On Exports And Measures Having Equivalent Effect

1. No new quantitative restrictions on exports or measures having equivalent effect shall be introduced nor shall the existing be made more restrictive in the trade between the Contracting Parties from the date of entry into force of this Agreement.
2. All quantitative restrictions on exports in the trade between the Contracting Parties and measures, having equivalent effect, shall be abolished on the date of entry into force of this Agreement.

*Article 12*

Exchange Of Concessions

1. The Contracting Parties declare their readiness to foster, as far as their agricultural policies allow, the harmonious development of trade in agricultural products, and to discuss this issue periodically within the Joint Committee.
2. In pursuance of this objective, the Contracting Parties grant each other the concessions specified in Protocol A, providing measures to facilitate trade in agricultural products, in accordance with the provisions of this Chapter and those, laid down in this Protocol.
3. Taking into account:
  - the role of agriculture in their economies,
  - the development of trade in agricultural products between the Contracting Parties,
  - the particular sensitivity of the agricultural products,
  - the rules of their agricultural policies,
  - the results of the multilateral trade negotiations under the GATT 1994 and the WTO,

the Contracting Parties shall examine the possibilities of granting each other further concessions.

*Article 13*

Concessions And Agricultural Policies

1. Without prejudice to the concessions, granted under Article 12 of this Agreement, the provisions of this Chapter shall not restrict in any way the pursuance of the respective agricultural policies of the Contracting Parties or the application of any measures under such policies, including the implementation of the provision 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 applied, which may affect the conditions of agricultural trade among them, as provided for in this Agreement. Upon request of any Contracting Party, prompt consultations within the Joint Committee shall be held to examine the situation.

*Article 14*

Specific Safeguards

Notwithstanding other provisions of this Agreement and, in particular, Article 20 of this Agreement, and given the particular sensitivity of the agricultural products, if imports of products, originating in a Contracting Party, which are subject to concessions, granted under this Agreement, cause serious disturbances to the markets of the other Contracting Party, the Contracting Party concerned shall immediately enter into consultations to find an appropriate solution. Pending such solution, the Contracting Party concerned may take measures it seems necessary. The type and the duration of the measure should not go beyond what is strictly necessary to remedy this situation.

*Article 15*

Sanitary And Phytosanitary Measures

1. The Contracting Parties shall apply their national regulations in the fields of veterinary, sanitary and phytosanitary matters in a way, corresponding to the WTO Agreement on Sanitary and Phytosanitary Measures.

2. Measures, concerning veterinary and phytosanitary control among the Contracting Parties, shall be harmonized on the basis of the EU legislation.

3. The Contracting Parties commit themselves not to introduce discriminatory measures or other measures which lead to unduly restricting the flow of information about the level of sanitary and phytosanitary protection of animals, plants and products.

**CHAPTER III**  
**GENERAL PROVISIONS**

*Article 16*

Internal Taxation

1. The Contracting Parties shall refrain from any measures or practices of internal fiscal nature establishing, whether directly or indirectly, discrimination between the products, originating in the Contracting Parties.
2. Producers and exporters may not benefit from repayment of internal taxation in excess of the amount of indirect taxation imposed on products exported to the territory of one of the Contracting Parties.

*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 frontier trade arrangements to the extent that these do not negatively affect the trade regime of the Contracting Parties and in particular the provisions, concerning rules of origin, provided for in this Agreement.
2. Upon request the Contracting Parties shall inform each other of any agreement, establishing customs unions or free trade areas.

*Article 18*

Structural Adjustment

1. Exceptional measures of limited duration, derogating from 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 the Contracting Party concerned to products originating in the other Contracting Party, introduced by these measures may not exceed 25% *ad valorem* and shall maintain an element of preference for products, originating in the other Contracting Party. The total value of imports of the product, subject to these measures, may not exceed 15% of total imports of industrial products originating in the other Contracting Party, as defined in Article 4 of this Agreement, during the last year for which statistical data is available.
4. The Contracting Party concerned shall inform the Joint Committee of any exceptional measures it intends to take and, upon request of the other Contracting Party, consultations shall be held within the Joint Committee on such measures and the sectors to which they apply, before they are applied. 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 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 recommend a different schedule.

*Article 19*

Antidumping And Countervailing Measures

Nothing in this Agreement shall prejudice or affect in any way the taking, by either Contracting Party of antidumping or countervailing measures in accordance with Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the GATT 1994 and the Agreement on Subsidies and Countervailing Measures.

*Article 20*

General Safeguards

Where a product is being imported into any of the Contracting Parties in such increased quantities and under such conditions as to cause or threaten to cause:

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

1. Where compliance with the provisions of Articles 7 and 8 of this Agreement leads to:
  - (a) re-export towards a third country against which the exporting Contracting Party 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.

2. Measures, taken as a result of the situation referred to in paragraph 1 of this Article, shall be applied in a non-discriminatory manner 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 no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Contracting Parties.
2. The Joint Committee shall be informed about the measures adopted to implement this objective.

*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. If a Contracting Party subjects 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 trend of trade flows, it shall inform the other Contracting Party.
3. Without prejudice to paragraph 7 of this Article, a Contracting Party, which considers resorting to safeguard measures shall promptly notify the other Contracting Party thereof and supply all relevant information. Consultations between the Contracting Parties shall take place without delay in the Joint Committee with a view to finding a mutually acceptable solution.
4. As regards:
  - Articles 19, 20 and 21 of this Agreement, the Joint Committee shall examine the case of 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 thirty days of the matter being referred to the Joint Committee, the Contracting Party concerned may adopt the measures necessary in order to remedy the situation;
  - Article 34 of this Agreement, the Contracting Party concerned may take appropriate measures after the consultations have been concluded or after a period of three months has elapsed from the date of the first notification to the other Contracting Party;
  - Article 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 other Contracting Party 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 on the matter, being referred to it, the Contracting Party concerned may adopt appropriate measures to deal with the difficulties, resulting from the practice in question.
5. The safeguard measures taken shall be notified immediately to the Joint Committee. They shall be limited, with regard to their extent and to their duration, to what is strictly necessary to remedy 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 that will least disturb the functioning of this Agreement.

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

7. 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, strictly necessary to remedy the situation. The measures shall be notified without delay and consultations between the Contracting Parties shall take place as soon as possible in the Joint Committee.

#### *Article 24*

##### General Exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit, justified on grounds of public morality, public policy or public security; of the protection of health and life of humans, animals or plants and environment; of the protection of national treasures possessing artistic, historic or archeological value; of the protection of intellectual property or rules relating to trade in gold or silver or to the conservation of exhaustible natural resources, if such measures are made effective in conjunction with restrictions on domestic production or consumption. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.

#### *Article 25*

##### Rules Of Origin And Cooperation In Customs Administration

1. Protocol B (hereinafter called "Protocol B") of this Agreement lays down the rules of origin and related methods of administrative cooperation.

2. The Contracting Parties shall take appropriate measures, including regular reviews by the Joint Committee and arrangements for administrative cooperation, to ensure that the provisions 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.

#### *Article 26*

##### Payments

The Contracting Parties, in accordance with their respective legislation, will allow in freely convertible currencies all payments on the current account of the balance of payments, as far as the transactions, related to the payments, affect trade unless the Contracting Parties otherwise agreed upon.

## Article 27

### Rules of Competition Between Undertakings

1. The following are incompatible with the proper functioning of this Agreement, in so far as it affects the 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 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 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 fact, of the particular public tasks assigned to them.

3. With regard to products referred to in Chapter II to this Agreement the provisions stipulated in 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 or if such practice causes or threatens to cause serious prejudice to the interest of that Contracting Party or material injury to its domestic industry, the Contracting Party concerned may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 27 of this Agreement.

## Article 28

### State Aid

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

2. The provisions of paragraph 1 of this Article shall not apply to the product covered by Chapter II to this Agreement.

3. The Contracting Parties shall ensure transparency in the area to 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.

4. If the Contracting Parties consider that a particular practice;

- is incompatible with the terms of the paragraph 1 of this Article, or
- 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.

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

#### *Article 29*

##### Balance Of Payments Difficulties

Where one of the Contracting Parties is in serious balance of payments difficulties, or under imminent threat thereof, the Contracting Party concerned may, in accordance with the conditions, established under the GATT 1994 and Article VIII of the Articles of Agreement of the International Monetary Fund, adopt restrictive measures, including measures related to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The measures shall be progressively relaxed as balance of payments conditions improve and they shall be eliminated when conditions no longer justify their maintenance. The Contracting Party concerned shall inform the other Contracting Party forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

#### *Article 30*

##### Protection Of Intellectual Property

1. The Contracting Parties shall grant and ensure adequate and effective protection of intellectual property rights on a non-discriminatory basis, including effective measures for enforcing such rights against infringement, and particularly against counterfeiting and piracy. Contracting Parties agree to comply with the substantive standards of the multilateral agreements listed in Annex V.
2. For the purpose of this Agreement the term "intellectual property" includes in particular copyright including the copyright on computer programmes and neighbouring rights, patents, trademarks, industrial designs, geographical indications, topographies of integrated circuits, undisclosed information as well as unfair competition.
3. In fulfilment of their commitments under international agreements and legislation in the field of intellectual property rights, the Contracting Party to this Agreement shall not grant to nationals of the state of the other Contracting Party treatment less favourable than that accorded to nationals of any third state.
4. The Contracting Parties shall cooperate in matters of intellectual property. Upon request of a Contracting Party, they shall hold expert consultations on these matters, in particular on activities relating to the existing or to future international conventions concerning the harmonization, administration and enforcement of intellectual property and on activities in international organizations, such as the WTO, World Intellectual Property Organization, as well as on the relations of the Contracting Parties with any third country on 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 property, any of the Contracting Parties may request urgent consultations for finding mutually satisfactory solution.

*Article 31*

Public Procurement

1. The Contracting Parties consider the liberalization of their respective public procurement markets as an objective of this Agreement. The Contracting Parties aim at opening up of the award of public contracts on the basis of non-discrimination and reciprocity.
2. The Contracting Parties shall progressively develop their respective rules, conditions and practices on public procurement and shall grant suppliers of the other Contracting Party access to contract award procedures on their respective public procurement markets not less favourable than that accorded to companies of any third country.
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 full balance of rights and obligations. During the examination referred to this paragraph from this Article, the Joint Committee may consider, especially in the light of international regulations in this area, the possibility of extending the coverage and/or the degree of the market opening provided for in paragraph 2 of this Article.
4. The Contracting Parties shall endeavour to accede to the relevant Agreements negotiated under the auspices of the GATT 1994 and the WTO.

*Article 32*

Services And Investment

1. The Contracting Parties recognize the growing importance of certain areas, such as services and investments. In their efforts to gradually develop and broaden their cooperation, in particular in the context of the European integration, Contracting Parties will cooperate with the aim of achieving a progressive liberalization and mutual opening of their markets for investments and trade in services, taking into account relevant provisions of the General Agreement on Trade and Services.
2. The Contracting Parties will discuss in the Joint Committee this cooperation with the aim of developing and deepening of their relations governed in this Article.

**CHAPTER IV**  
**INSTITUTIONAL AND FINAL PROVISIONS**

*Article 33*

The Joint Committee

1. A Joint Committee is hereby established in which each Contracting Party shall be represented. The Joint Committee shall be composed of five members for each Contracting Party.
2. The Joint Committee shall be responsible for the administration of this Agreement and shall ensure its proper implementation.
3. For the purpose of the proper implementation of this Agreement, the Contracting Parties shall exchange information and, upon request of any Contracting Party, shall hold consultations within the Joint Committee. The Joint 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 Joint Committee may make recommendations.
5. The decisions taken by the Joint Committee will be subject to approval by the Contracting Parties in accordance with their internal legislation.

*Article 34*

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. Each Contracting Party may request a meeting to be held.
2. The Joint Committee shall act by common agreement.
3. If a representative of a Contracting Party in the Joint Committee has accepted a decision, under reservation, subject to the fulfilment of internal legal requirements, the decision shall enter into force, if no later date is contained therein, on the date of the receipt of a written notification as to the fulfilment of such requirements.
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 Chair person and its term of office.
5. The Joint Committee may decide to set up such subcommittees and working groups, as it deems necessary to assist it in accomplishing its tasks.

*Article 35*

Security Exceptions

Nothing in this Agreement shall prevent a Contracting Party from taking any measure, 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:
- 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
  - relating to the non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or
  - taken in time of war or other serious international tension, constituting threat of war.

*Article 36*

Fulfilment Of Obligations

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

2. If any Contracting Party considers that the other Contracting Party has failed to fulfil 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 37*

Evolutionary Clause

Where a Contracting Party considers that it would be useful in the interest of the economies of the Contracting Parties to develop and deepen 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 such request and, where appropriate, make recommendations to them, particularly with a view to opening negotiations.

*Article 38*

Annexes And Protocols

Annexes and Protocols to this Agreement are an integral part of it. The Joint Committee may decide to amend the Annexes and Protocols to this Agreement, which are subject to the internal legal procedures of the Contracting Parties.

*Article 39*

Amendments

Amendments to this Agreement shall enter into force in accordance with procedure stipulated in Article 40 of this Agreement.

*Article 40*

Entry Into Force

This Agreement is subject to the ratification. It enters into force on the first day of the second month following the date of receiving of the second of the written notes, with which the Contracting Parties notify each other through diplomatic channels that they have ratified this Agreement.

*Article 41*

Validity And Withdrawal

1. The Agreement is concluded for an unlimited period of time.
2. Each Contracting Party to this Agreement may withdraw there from, by means of a written notification to the other Contracting Party. The termination shall take effect on the first day of the seventh month following the date on which the notification was received by the other Contracting Party.
3. The Contracting Parties agree, that in case of accession of one of the Contracting Parties to the EU, this Agreement will be terminated on the day before the date of the accession of the respective Contracting Party to the EU, without successive compensations for the other Contracting Party.

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

DONE at .....this.....day of.....in two originals in Serbian, Albanian and English language, each of these being equally authentic. In case of divergence the English text shall prevail.

**For Serbia and Montenegro**

**For the Republic of Albania**



**RECORD OF UNDERSTANDING**

Notwithstanding the Article 5 of this Agreement, the Contracting Parties, may continue to apply the actual import duty at 0,5% level in Serbia, 1,0% level in Montenegro, and 1% level in the Republic of Albania, imposed on all taxable import products, as a temporary duty.

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