

## FREE TRADE AGREEMENT BETWEEN BULGARIA AND SERBIA AND MONTENEGRO

### PREAMBLE

*The Republic of Bulgaria and Serbia and Montenegro* (hereinafter referred to as “the Contracting Parties”),

*Reaffirming* their firm commitment to the principles of a pluralistic democracy based on the human rights and fundamental freedoms,

*Recalling* their intention to participate actively in the process of economic integration in Europe and expressing their preparedness to co-operate in seeking ways and means to strengthen this process,

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

*Recalling* their firm commitment to the Final Act of the Conference on Security and Co-operation in Europe, the Paris Charter, and in particular the principles contained in the final document of the Bonn Conference on Economic Co-operation in Europe,

*Resolved* to this end to eliminate progressively the obstacles to substantially all their mutual trade, in accordance with the provisions of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as “GATT 1994”) and the Agreement establishing the World Trade Organization (hereinafter referred to as “WTO”),

*Firmly* convinced that this Agreement will foster the intensification of mutually beneficial trade relations among them and contribute 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 international agreements,

*Have agreed* as follows:

*Article 1*

Objectives

1. The Contracting Parties shall gradually establish during a transitional period, ending on January 1, 2007, a free trade area in accordance with the provisions of this Agreement and in conformity with Article XXIV of the GATT 1994, the Understanding on the Interpretation of Article XXIV of the GATT 1994 and the Agreement establishing the WTO.
2. The objectives of this Agreement are:
  - (a) to promote through the expansion of trade, the harmonious development of economic relations between the Contracting Parties and to strengthen their economic activity;
  - (b) to provide fair conditions of competition in trade between the Contracting Parties;
  - (c) to contribute by the removal of barriers to trade, to the harmonious development and expansion of the world trade;
  - (d) to enhance co-operation between the Contracting Parties.

**CHAPTER I - INDUSTRIAL PRODUCTS**

*Article 2*

Scope

1. The provisions of this Chapter shall apply to industrial products originating in the Contracting Parties.
2. For the purpose of this Agreement the term “industrial products” means 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 I to this Agreement.

*Article 3*

Basic Duties

1. For the commercial exchanges covered by this Agreement, the 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 the reductions set out in this Agreement are to be applied shall be the Most Favoured Nation rate of duty in force on date of entry into force of this Agreement.
3. If, after this date, any tariff reduction is applied on an *erga omnes* basis, in particular, reductions resulting from trade negotiations under the WTO, such reduced duties shall replace the basic duties referred to in paragraph 2 as from the date when such reductions are applied.
4. The reduced duties, calculated in accordance with paragraph 2, shall be applied rounded to the first decimal place.
5. The Contracting Parties shall communicate to each other their respective 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 as from the date of entry into force of this Agreement.
2. Customs duties on imports, applicable in the Republic of Bulgaria to products originating in Serbia and Montenegro, which are not listed in Annex II, shall be abolished on the date of entry into force of this Agreement.
3. Customs duties on imports, applicable in the Republic of Bulgaria to products originating in Serbia and Montenegro, listed in Annex II shall be gradually reduced in accordance with the schedule set out in this Annex.
4. Customs duties on imports, applicable in Serbia and Montenegro to products originating in the Republic of Bulgaria, which are not listed in Annex III, shall be abolished on the date of entry into force of this Agreement.
5. Customs duties on imports, applicable in Serbia and Montenegro to products originating in the Republic of Bulgaria listed in Annex III shall be gradually reduced in accordance with the schedule set out in this Annex.

### *Article 5*

#### Charges Having An Effect Equivalent To Customs Duties On Imports

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

### *Article 7*

#### Customs Duties On Exports And Charges Having An Effect Equivalent To Customs Duties On Exports

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

2. All quantitative restrictions on imports and measures having equivalent effect shall be abolished on the date of entry into force of this Agreement, except those which might be required for the administration of international obligations and those listed in Annex IV.

*Article 9*

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, as from the date of entry into force of this Agreement.

2. All quantitative restrictions on exports or measures having equivalent effect shall be abolished on the date of entry into force of this Agreement.

*Article 10*

Elimination Of Technical Barriers To Trade

1. The rights and obligations of the Contracting Parties relating to technical barriers to trade 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 reducing technical barriers to trade.

**CHAPTER II - AGRICULTURAL PRODUCTS**

*Article 11*

Scope

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

2. For the purpose of this Agreement the term “agricultural products” means the products falling within Chapters 1 to 24 of the Harmonized Commodity Description and Coding System, including the products listed in Annex I to this Agreement.

*Article 12*

Exchange Of Concessions

1. The Contracting Parties shall grant each other the concessions specified in Protocol 1 to this Agreement (hereinafter referred to as “Protocol 1”) as laid down in that Protocol and in accordance with the provisions of this Chapter.

2. Taking account of:

- 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 within the framework of the Joint Committee the possibilities of granting each other further concessions in trade in agricultural products.

#### *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 taking of any measures under such policies, including the implementation of the provisions of the Agreement on Agriculture within the framework of the GATT 1994 and the Agreement establishing WTO.

2. The Contracting Parties shall notify to the Joint Committee changes in their agricultural policies pursued or measures applied, which may affect the conditions of trade in agricultural products between them as provided for in this Agreement. On the request of any Contracting Party, prompt consultations shall be held in the Joint Committee to examine the situation.

#### *Article 14*

##### Specific Safeguards

Notwithstanding other provisions of this Agreement, and in particular Article 27, if, given the particular sensitivity of the agricultural products, imports of products originating in a Contracting Party, which are subject to concessions granted under this Agreement, cause serious disturbance to the market 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 the measures it deems necessary.

#### *Article 15*

##### Veterinary, Sanitary And Phytosanitary Measures

1. The Contracting Parties shall apply their regulations in veterinary, sanitary and phytosanitary matters in non-discriminatory fashion and shall not introduce any measures that have the effect of unduly obstructing trade.

2. The veterinary and sanitary measures and the work of the veterinary services will be in accordance with the Office International des Epizooties Codex and other international conventions in this field.

3. The phytosanitary measures and the work of the plant protection services will be in accordance with the International Plant Protection Convention and other international conventions in this field.

### **CHAPTER III - GENERAL PROVISIONS**

*Article 16*Rules Of Origin And Co-Operation Between Customs Administrations

1. Protocol 2 to this Agreement (hereinafter referred to as "Protocol 2") lays down the rules of origin and related methods of administrative co-operation.
2. 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 2 and Articles 3 - 9, 12, 17 and 28 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 17*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 the territory of one of the Contracting Parties may not benefit from repayment of internal taxation in excess of the amount of direct or indirect taxation imposed on them.

*Article 18*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; of the protection of national treasures possessing artistic, historic or archaeological value; of the protection of intellectual property or of the rules relating to 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 disguised restriction on trade between the Contracting Parties.

*Article 19*Security Exceptions

Nothing in this Agreement shall prevent a Contracting Party from taking any appropriate measure 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 national obligation 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 and other nuclear explosive devices; or
- (iii) taken in time of war or other serious international tension.

*Article 20*

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 specified in Article 1 of this Agreement no discrimination regarding the conditions under which goods are produced and marketed exists between nationals 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 a Contracting Party to other bodies.

*Article 21*

Payments

1. 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.

2. The Contracting Parties shall refrain from exchange or administrative restrictions on the grant, repayment and acceptance of short and medium term credits related to trade in goods in which a resident of a Contracting Party participates.

3. Notwithstanding the provisions of paragraph 2, 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.

*Article 22*

Rules Of Competition Concerning Undertakings

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

- (a) all agreements between undertakings, decisions by associations of undertakings and concerned 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 substantial part thereof.

2. The provisions of paragraph 1 shall apply to the activities of all undertakings including public undertakings or 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 revenue-producing monopoly, shall be subject to provisions of paragraph 1 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 the products referred to in Chapter II of this Agreement the provisions stipulated in paragraph 1 a) 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 interests 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 procedure laid down in Article 31.

### *Article 23*

#### State Aid

1. Any aid granted by a state which is a 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 productions 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 products covered by Chapter II to this Agreement.

3. The Joint Committee shall adopt the criteria on the basis of which the practices contrary to paragraph 1 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:

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

it may take appropriate measures under the conditions and in accordance with the provisions laid down in Article 31 of this Agreement. Such appropriate measures may only be taken in conformity with the procedures and under the conditions laid down by the GATT 1994 and the Agreement establishing WTO and all relevant instruments negotiated under their auspices, which are applicable between the Contracting Parties.

### *Article 24*

#### 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 develop their respective rules, conditions and practices concerning public procurement. The Contracting Parties aim at opening up of the award of public procurement contracts on the basis of non-discrimination and reciprocity.
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 so as to ensure free access, transparency and mutual opening of public procurement markets of the Contracting Parties.
4. During the examination referred to in paragraph 3, the Joint Committee may consider, especially in the light of international developments and regulations in this area, the possibility of extending the coverage and/or the degree of the market opening provided for in paragraph 1.
5. The Contracting Parties shall endeavor as soon as possible to define the necessary scope and rules in the field of public procurement on the markets of both Contracting Parties.
6. The Contracting Parties shall endeavor to join the Agreement on Government Procurement under the WTO.

#### *Article 25*

##### Protection Of Intellectual Property

1. The Contracting Parties confirm their will to respect the obligations arising from the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, constituting Annex Ic to the Marrakesh Agreement establishing the WTO, as well as other conventions on intellectual property protection, signed by both Contracting Parties and listed in Annex V to this Agreement.
2. For the purpose of this Agreement the term “intellectual property protection” refers to protection of copyright and related rights, including computer software and databases, trade and service marks, geographical indications including appellations of origin, patents, industrial designs, new plant varieties, topographies of integrated circuits, as well as protection against unfair competition mentioned in Article 10 bis of the Paris Convention for the Protection of the Industrial Property, including protection of undisclosed information including “know-how”.
3. The Contracting Parties shall co-operate in matters of intellectual property. They shall hold, upon request of any Contracting Party, expert consultations on these matters, in particular, on activities relating to the existing or to future international conventions on harmonization, administration and enforcement of the intellectual property and on activities in international organizations, such as the WTO, the World Intellectual Property Organization, as well as relations of the Contracting Parties with any third country on matters concerning intellectual property.
4. The implementation of this Article shall be regularly assessed by the Contracting Parties. Upon difficulties in trade in relation to the rights of intellectual property, any of the Contracting Parties may request urgent consultations for finding mutually acceptable solutions.

#### *Article 26*

##### Dumping

If a Contracting Party 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 that practice in accordance with the Article VI of the GATT 1994 under the conditions and in accordance with the procedure laid down in Article 31 to this Agreement.

*Article 27*

General Safeguards

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

- (a) serious injury 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 region,

the Contracting Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 31 of this Agreement.

*Article 28*

Structural Adjustment

1. Exceptional measures of limited duration, which derogate from the provisions of Article 4 to 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 respective Contracting Party to products originating in the other Contracting Party introduced by these exceptional 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 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, during the last year for which statistics are available.

4. These measures shall be applied for a period not exceeding three years. Their operation shall cease by the end of the transitional period, specified in paragraph 1 of Article 1 of this Agreement at the latest.

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 in the Joint Committee on such measures and the sectors to which they apply prior their introduction. When taking such measures the Contracting Party concerned shall provide the Joint Committee with a schedule for the elimination of the custom 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 decide on a different schedule.

*Article 29*

Re-Export And Serious Shortage

1. Where compliance with the provisions of Articles 7 and 9 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 procedure laid down in Article 31 of this Agreement.

2. Measures taken as a result of the situation referred to in paragraph 1 shall be applied in a non-discriminatory manner and shall be eliminated when the conditions no longer justify their maintenance.

#### *Article 30*

#### Fulfilment Of Obligations

1. The Contracting Parties shall take any general and specific measures required to fulfil their obligations under this Agreement. They shall ensure to it that the objectives set out in this Agreement are achieved.

2. If a Contracting Party considers that the other Contracting Party has failed to fulfil an obligation under this Agreement, the Contracting Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 31 of this Agreement.

#### *Article 31*

#### 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 a Contracting Party subjecting imports of products liable to give rise to the situation referred to in Article 27 to 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. With regard to:

- (a) Articles 26, 27 and 29 to this Agreement, the Joint Committee shall examine the case or situation and may take any decision needed to put an end to the difficulties notified by the Contracting Party concerned. In case of 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.

- (b) Article 30 to 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) Articles 22 and 23 to this Agreement, the Contracting Party concerned shall give the Joint Committee all the assistance required in order to examine the case and, where appropriate to 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 days of 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 other Contracting Party. They shall be limited with regard to their extent and to their duration 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 such measures, which will least disturb the functioning of this Agreement.

6. 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.

7. When exceptional circumstances requiring immediate action make prior examination impossible, the Contracting Party concerned may, in the cases of Articles 26, 27 and 29 of this Agreement, apply forthwith the provisional measures strictly necessary to remedy the situation. The measures taken shall be notified without delay and consultations between the Contracting Parties shall take place as soon as possible within the Joint Committee.

#### *Article 32*

##### 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 purposes.

2. 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 the WTO 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 33*

##### Evolutionary Clause

1. 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 authorize the Joint Committee to examine such a request and, where appropriate, to make recommendations with a view to opening negotiations.

2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to ratification or approval by the Contracting Parties in accordance with their internal legislation.

## **CHAPTER IV - INSTITUTIONAL AND FINAL PROVISIONS**

### *Article 34*

#### The Joint Committee

1. A Joint Committee is hereby established in which each Contracting Party shall be represented.
2. The implementation of this Agreement shall be supervised by the Joint Committee.
3. For the purpose of the proper implementation of this Agreement, the Contracting Parties shall exchange information and, upon the 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 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 35*

#### 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 that a meeting 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 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 the written notification about the fulfilment of such requirements.
4. For the purpose of this Agreement 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 subcommittees and working groups, as it considers necessary to assist it in accomplishing its tasks.

### *Article 36*

#### Services And Investment

1. The Contracting Parties reaffirm the growing importance of certain areas, such as services and investments. In their efforts to gradually develop and broaden their co-operation, in particular in the context of the European integration, they will co-operate 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 in Services.

2. The Contracting Parties will discuss in the Joint Committee the possibilities to expand their trade relations in the field of foreign direct investment and trade in services.

*Article 37*

Customs Unions, Free Trade Areas And Frontier Trade

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 between the Contracting Parties and in particular the provisions concerning rules of origin provided for by this Agreement.

*Article 38*

Annexes, Protocols And Amendments

1. The Annexes and the Protocols to this Agreement are an integral part of it.
2. The Joint Committee may decide to amend the Annexes and Protocols to this Agreement. In this case the amendments shall enter into force on the first day of the second month following the receipt of the last diplomatic note confirming that the internal legal requirements for the entry into force of the amendments have been fulfilled.
3. Amendments to this Agreement other than those decided upon in accordance with paragraph 3 of Article 35 and which are approved by the Joint Committee shall enter into force on the first day of the second month following the receipt of the second of the diplomatic notes with which the Contracting Parties notify each other the internal legal requirements for the entry into force of the amendments have been fulfilled.

*Article 39*

Entry Into Force

This Agreement is subject to ratification. It shall enter into force on the first day of the second month following the date on which the Contracting Parties have notified each other through diplomatic channels that their internal legal requirements for the entry into force of this Agreement have been fulfilled.

*Article 40*

Validity And Denunciation

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. The Agreement shall be denounced on the first day of the seventh month following the date on which the notification was received by the other Contracting Party.
3. Both Contracting Parties agree that in the event of any Contracting Party becoming a member of the European Union, that Contracting Party will withdraw from this Agreement at the latest the day before membership takes effect, and without any compensation to the other Contracting Party.

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

DONE at Rome this 13 day of November 2003 in two originals each in the Bulgarian, Serbian and English languages, all texts being equally authentic. In case of divergence in interpretation of this Agreement the English text shall prevail.

FOR THE REPUBLIC OF BULGARIA

FOR SERBIA AND MONTENEGRO

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