

FREE TRADE AGREEMENT BETWEEN ROMANIA AND BOSNIA AND HERZEGOVINA

PREAMBLE

Romania and Bosnia and Herzegovina (hereinafter called “the Parties”),

Reaffirming their commitment to pluralistic democracy based on the rule of law, human rights and fundamental freedoms;

Recalling their intention to participate actively in the process of economic integration in Europe as an important dimension of the stability on the European continent and expressing their preparedness to co-operate in seeking ways and means to strengthen this process;

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

Convinced that this Agreement will create a new climate for economic relations between the Parties and above all for the development of trade and investment;

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 called “GATT 1994”) and the Agreement establishing the World Trade Organisation (hereinafter called “WTO”), having in mind that Bosnia and Herzegovina has the priority to become a member of the WTO;

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

Firmly convinced that this Agreement will foster the development of mutually beneficial trade relations between the Parties and contribute to the process of integration in Europe;

Have agreed as follows:

Article 1

Objectives

1. The Parties shall gradually establish a free trade area on substantially all their bilateral trade in a transitional period ending on 1st January 2005, in accordance with the provisions of this Agreement and in conformity with Article XXIV of the GATT 1994 and the WTO Agreement.
2. The objectives of this Agreement are:
 - (a) to promote through the expansion of mutual trade the harmonious development of economic relations between the Parties and thus to foster in the Parties the advance of economic activity, the improvement of living and employment conditions and financial stability;
 - (b) to provide fair conditions of competition for trade between the Parties;

- (c) to contribute by the removal of barriers to trade, to the harmonious development and expansion of world trade.
- (d) to enhance co-operation between the Parties.

CHAPTER I: INDUSTRIAL PRODUCTS

Article 2

Scope

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

Article 3

Basic Duties

1. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the Most Favoured Nation rate of duty in force on the date of entry into force of this Agreement.
2. If, after the date of entry into force of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular reductions resulting from the tariff negotiations in the WTO, such reduced duties shall replace the basic duty referred to in paragraph 1 of this Article as from the date when such reductions are applied.

If a reduction of duties is effected by way of a suspension of duties made for a particular period of time, such reduced duties shall replace the basic duties only for the period of such suspension.

3. The reduced duties calculated in accordance with paragraph 1 and 2 of this Article shall be applied rounded to the first decimal place.
4. The Parties shall communicate to each other their respective basic duties.

Article 4

Customs Duties On Imports, Charges Having Equivalent Effect And Import Duties Of A Fiscal Nature

1. The Parties shall not introduce new customs duties on imports, charges having an effect equivalent to customs duties on imports and import duties of a fiscal nature in trade between them as from the date of entry into force of this Agreement.
2. The Parties shall grant, on mutual basis, the most favourable import treatment as provided to the suppliers from third countries with which the Parties apply Free Trade Agreements.
3. Customs duties on imports applicable in Romania to industrial products originating in Bosnia and Herzegovina shall be abolished on the date of entry into force of this Agreement.

4. Customs duties on imports, charges having equivalent effect and import duties of a fiscal nature applicable in Bosnia and Herzegovina on the date of entry into force of this Agreement to industrial products originating in Romania shall be progressively reduced in accordance with the following timetable, except for the products listed in Annex II of the Agreement:

- on the date of entry into force of this Agreement - to 50% of their value,
- on 1 January 2004 - to 40% of their value,
- on 1 January 2005 - the remaining duties shall be abolished.

5. Customs duties on imports, charges having equivalent effect and import duties of a fiscal nature applicable in Bosnia and Herzegovina on the date of entry into force of this Agreement to industrial products originating in Romania, for the products listed in Annex II of the Agreement, shall be progressively reduced in accordance with the following timetable:

- on the date of entry into force of this Agreement - to 40% of their value,
- on 1 January 2004 - the remaining duties shall be abolished.

Article 5

Customs Duties On Exports, Charges Having Equivalent Effect And Export Duties Of A Fiscal Nature

1. The Parties shall not introduce new customs duties on exports, charges having equivalent effect and export duties of a fiscal nature in trade between them as from the date of entry into force of this Agreement.

2. The Parties shall abolish all customs duties on exports, charges having equivalent effect and export duties of a fiscal nature on the date of entry into force of this Agreement.

Article 6

Quantitative Restrictions On Imports And Exports And Measures Having Equivalent Effect

1. The Parties shall not introduce new quantitative restrictions on imports and exports or measures having equivalent effect in trade between them as from the date of entry into force of this Agreement.

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

Article 7

Technical Barriers To Trade

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

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

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

4. For the purpose of reducing and eliminating technical barriers, and when the practical conditions are met, the relevant authorities of the Parties shall conclude agreements on mutual recognition of test reports, certificates of conformity and other documents directly or indirectly related to conformity assessment of the products which are the subject of trade between the Parties.

CHAPTER II – AGRICULTURAL PRODUCTS

Article 8

Scope

1. The provisions of this Chapter shall apply to agricultural products originating in the Parties.
2. For the purpose of this Agreement, the term “agricultural products” shall mean products falling within Chapters 1 to 24 of the Harmonized Commodity Description and Coding System including products listed in Annex I to this Agreement.

Article 9

Basic Duties

1. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the Most Favoured Nation rate of duty in force on the date of entry into force of this Agreement.
2. If, after the date of entry into force of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular reductions resulting from the tariff negotiations in the WTO, such reduced duties shall replace the basic duty referred to in paragraph 1 of this Article as from the date when such reductions are applied.

If a reduction of duties is effected by way of a suspension of duties made for a particular period of time, such reduced duties shall replace the basic duties only for the period of such suspension.

3. The reduced duties calculated in accordance with paragraph 1 and 2 of this Article shall be applied rounded to the first decimal place.
4. The Parties shall communicate to each other their respective basic duties.

Article 10

Exchange Of Concessions

1. The Parties shall grant each other the concessions specified in Annex III of the Agreement, in accordance with the provisions of this Chapter and those laid down in that Annex.
2. Taking into account:
 - the role of agriculture in their economies,
 - the development of trade in agricultural products between the Parties,
 - the particular sensitivity of the agricultural products,

- the rules of their agricultural policies,
- the results of the multilateral trade negotiations under WTO,

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

Article 11

Customs Duties On Exports, Charges Having Equivalent Effect
And Export Duties Of A Fiscal Nature

1. The Parties shall not introduce new customs duties on exports, charges having equivalent effect and export duties of fiscal nature in trade between them as from the date of entry into force of this Agreement.
2. The Parties shall abolish all customs duties on export, charges having equivalent effect and export duties of a fiscal nature on the date of entry into force of this Agreement.

Article 12

Quantitative Restrictions On Imports And Exports And Measures Having Equivalent Effect

1. The Parties shall not introduce new quantitative restrictions on imports and exports or measures having equivalent effect in trade between them as from the date of entry into force of this Agreement.
2. All quantitative restrictions on imports and exports and measures having equivalent effect shall be abolished on the date of entry into force of this Agreement.

Article 13

Agricultural Policy

1. Without prejudice to the concessions granted under Article 10 of this Agreement, the provisions of this Chapter shall not restrict in any way the pursuance of the respective agricultural policies of the Parties or the taking of any measures under such policies, including the implementation of the provisions of the WTO Agreement on Agriculture.
2. The Parties shall notify each other the changes in their respective agricultural policies pursued or measures applied which may affect the conditions of trade in agricultural products between them. Upon request of a Party, prompt consultations shall be held to examine the situation.

Article 14

Specific Safeguards

Notwithstanding other provisions of this Agreement, and in particular Article 28, given the particular sensitivity of the agricultural market, if imports of products originating in one of the Parties, which are the subject of concessions granted under this Agreement, cause serious disturbance to the market of the other Party, both Parties shall enter into consultations immediately to find an appropriate solution. Pending such solution, the Party concerned may take appropriate measures it deems necessary in accordance with the provisions of the GATT 1994 and other relevant WTO agreements.

Article 15

Sanitary And Phytosanitary Measures

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

Article 16

Technical Barriers To Trade

1. The rights and obligations of the Parties relating to technical regulations or standards and related measures shall be governed by the WTO Agreement on Technical Barriers to Trade.
2. The Parties shall co-operate and exchange information in the field of conformity assessment, standardisation, metrology and accreditation with the aim of reducing and eliminating technical barriers to trade.
3. Each Party, upon request of the other Party, shall provide information on particular individual cases of technical norms, standards and related measures.
4. For the purpose of reducing and eliminating technical barriers, and when the practical conditions are met, the relevant authorities of the Parties shall conclude agreements on mutual recognition of test reports, certificates of conformity and other documents directly or indirectly related to conformity assessment of the products which are the subject of trade between the Parties.

CHAPTER III – GENERAL PROVISIONS

Article 17

Rules Of Origin And Co-Operation In Customs Administration

1. The Parties agree to apply the harmonized European preferential rules of origin, based on bilateral cumulation, in the mutual trade including all existing and further amendments thereto. In the case of amendments of the European rules of origin, the Joint Committee shall make a decision on amending them, accordingly.
2. Protocol 1 to this Agreement (hereinafter "Protocol 1") lays down the rules of origin and related methods of administrative co-operation.
3. The 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 1 and Articles 3 to 8, 9 to 13, 18, 28 and 30 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 18

Internal Taxation

1. The 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 Parties.

2. Exporters from the Parties 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 Parties.

Article 19

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; the protection of health and life of humans, animals or plants; the protection of national treasures of artistic, historic or archaeological value; the protection of intellectual property; the rules relating to gold and silver, or the protection of environment or 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 Parties.

Article 20

Security Exceptions

Nothing in this Agreement shall prevent a Party from taking any appropriate 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:
 - (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) taken in time of war or other serious international tension.

Article 21

State Monopolies

1. The 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 exists between nationals of the Parties. The 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 Parties, in law or in fact, either directly or indirectly supervise, determine or appreciably influence imports or exports between the Parties. These provisions shall likewise apply to monopolies delegated by the State to other bodies.

Article 22

Payments

1. Payments in freely convertible currencies relating to trade in goods between the Parties and the transfer of such payments to the territory of the Party where the creditor resides shall be free from any restrictions.
2. The Parties shall refrain from any exchange or administrative restrictions on the grant, repayment or acceptance of short and medium term credits to trade in goods in which a resident of a Party participates.
3. Notwithstanding the provisions of paragraph 2 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.

Article 23

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 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 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 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 organisation.
4. If a Party considers that a given practice is incompatible with paragraphs 1 and 2 of this Article and if such practice causes or threatens to cause serious prejudice to the interest of that 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 32 of this Agreement.

Article 24

State Aid

1. Any aid granted by a Party or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, insofar as it may affect trade between the 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 derogating from paragraph 1 of this Article shall be assessed, as well as the rules for their implementation.

4. The 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 Party, upon request, information on aid schemes and on particular individual cases of state aid.

5. If a Party considers that a particular practice, including that in agriculture:

- 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, and
- 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 Party or material injury to its domestic industry or agriculture.

it may take appropriate measures under the conditions of and in accordance with the provisions laid down in Article 32 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 Parties concerned.

Article 25

Public Procurement

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

2. The Parties shall progressively adjust their respective rules, conditions and practices with a view to grant suppliers of the other Party access to contract award procedures on their respective public procurement markets.

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.

Article 26

Protection Of Intellectual Property

1. The Parties shall grant and ensure the adequate and effective protection of intellectual property rights on a non-discriminatory basis, including measures for granting and enforcing such rights. The protection shall be improved to a level corresponding to the substantive standards of the multilateral agreements, which are specified in Annex IV to this Agreement.

2. For the purpose of this Agreement the term "intellectual property protection" includes, in particular, protection of copyright and related rights including computer programs and data bases,

trade marks for goods and services, geographical indications, patents, industrial designs, new varieties of plants, topographies of integrated circuits, as well as undisclosed information on know-how.

3. The Parties shall co-operate in matters of intellectual property. They shall hold, upon request of any Party, expert consultations on these matters, in particular, on activities relating to the existing or future international conventions on harmonization, administration and enforcement of intellectual property and on activities in international organizations, such as the World Trade Organization and the World Intellectual Property Organization, as well as relations of the Parties with any third country on matters concerning intellectual property.

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

Article 27

Dumping

If a 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 WTO Agreement on Implementation of Article VI of the GATT 1994 under the conditions and in accordance with the procedure laid down in Article 32 of this Agreement.

Article 28

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 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 Party concerned may take appropriate measures under the conditions and in accordance with WTO Agreement on Safeguards and Countervailing Measures and the procedure laid down in Article 32 of this Agreement.

Article 29

Structural Adjustment

1. Exceptional measures of limited duration, which derogate from the provisions of Article 4 of this Agreement, may be taken for industrial products by any of the 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 Party concerned to products originating in the other Party introduced in accordance with 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 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 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 the transitional period determined in paragraph 1 of Article 1 of this Agreement.

5. No such measures can be introduced in respect to a product if more than three years have elapsed since the elimination of all duties and quantitative restrictions, charges or measures having equivalent effect concerning that product.

6. The Party concerned shall inform the other Party of any exceptional measures it intends to take and, at the request of the other Party, consultations shall be held immediately within the Joint Committee on such measures and the sectors to which they apply prior to their introduction. When taking such measures the 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 decide on a different schedule.

Article 30

Re Export And Serious Shortage

Where compliance with the provisions of Articles 5 and 6 of this Agreement leads to:

- (a) re-export towards a third country against which the exporting 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 Party;

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 32 of this Agreement.

Article 31

Fulfilment Of Obligations

1. The Parties shall take any measures required to fulfil their obligations under this Agreement. They shall ensure that the objectives set out in this Agreement are attained.

2. If a Party considers that the other Party has failed to fulfil an obligation under this Agreement, the Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 32 of this Agreement.

Article 32

Procedure For The Application Of Safeguard Measures

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

2. In the event of a Party subjecting imports of products liable to give rise to the situation referred to in Article 28 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 Party.

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

4. (a) With regard to Articles 27, 28 and 30 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 Party concerned. In the case of the absence of such decision within thirty days of the matter being referred to the Joint Committee, the Party concerned may adopt the measures necessary in order to remedy the situation.

(b) As regards Article 31 of this Agreement, the 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 notification to the other Party.

(c) With regard to Articles 23 and 24 of this Agreement, the 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 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 Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.

5. The safeguard measures taken shall be immediately notified to the other 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 subject 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. Where exceptional circumstances requiring immediate action make prior examination impossible, the Party concerned may, in the cases of Articles 27, 28 and 30 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 Parties shall take place as soon as possible within the Joint Committee.

Article 33

Balance Of Payments Difficulties

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

2. Where one of the Parties is in serious balance of payments difficulties, or under imminent threat thereof, the 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 Party concerned shall inform the other Party forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

Article 34

Services And Investments

1. The Parties recognise 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 liberalisation 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 (GATS).

2. The Parties will discuss in the Joint Committee this cooperation with the aim of developing and deepening of their relations governed in this Article.

Article 35

Evolutionary Clause

Where a Party considers that it would be useful in the interests of the economies of the 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 Party. The Joint Committee may examine such request and, where appropriate, may make recommendations, particularly with a view to opening negotiations.

Article 36

Joint Committee

1. A Joint Committee is hereby established and shall be composed of the representatives of the 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 Parties shall exchange information and, upon request of a 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 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.

Article 37

Procedures Of The Joint Committee

1. For the proper implementation of this Agreement the Joint Committee shall meet whenever necessary. Each Party may request that a meeting be held.

2. The Joint Committee shall act by consensus.

3. If the representative of a 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 a written notification as to the fulfilment of such requirements.

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

Article 38

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

2. Upon request, the Parties shall inform each other on any agreement establishing customs unions or free trade areas concluded with other states.

Article 39

Territorial Application

This Agreement shall apply to the custom territory of each Party.

Article 40

Annexes And Protocols

1. Annexes and Protocols to this Agreement are an integral part of it.

2. The Joint Committee may decide to amend the Annexes and Protocols of this Agreement in accordance with the national legislation of the Parties.

Article 41

Amendments

Amendments to this Agreement shall enter into force in accordance with the procedure laid down in Article 42 of this Agreement.

Article 42

Entry Into Force

This Agreement shall enter into force on the first day of the second month following the date of the receipt of the last written notification by which Parties inform each other through diplomatic channels that the internal legal procedures for the entry into force of this Agreement have been fulfilled.

Article 43

Validity And Termination

1. This Agreement is concluded for an indefinite period of time.
2. Each Party may denounce it through diplomatic channels by a written notification to the other Party. In such case the Agreement shall be terminated on the first day of the seventh month after the date on which the other Party received the notification.
3. The Parties agreed, that in case of accession of one of the Parties to the European Union, the Agreement will be terminated without any compensation for the other Party, on the day before the date of the accession to the EU. In that case, the Party acceding to the EU shall inform the other Party of such accession within a reasonable period of time.

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

DONE at _____ this _____ day of _____ 200_, in two original copies, each of them in the Romanian, Bosnian/Croatian/Serbian and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

FOR ROMANIA

FOR BOSNIA AND HERZEGOVINA
