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FREE TRADE AGREEMENT BETWEEN BULGARIA AND THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The following text reproduces the Agreement between Bulgaria and the Former Yugoslav Republic of Macedonia.¹

AGREEMENT ON FREE TRADE BETWEEN THE REPUBLIC OF BULGARIA AND THE REPUBLIC OF MACEDONIA

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,

The Republic of Bulgaria and the *Republic of Macedonia* (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, of strengthening friendship and co-operation in Southeastern Europe and in the Black Sea region, and in the process of integration in Europe,

Expressing their readiness to co-operate in finding the means and ways for strengthening of this process,

Considering the aims of the Agreement for Trade Co-operation, signed on 21 February 1999 in Sofia, for development of mutually beneficial trade relations between the two countries,

Considering the rights and obligations, arising out of the Europe Agreement for Association between the European Communities and their Member States, of the one part, and the Republic of Bulgaria, of the other part, and the Co-operation Agreement between the European Community and the Republic of Macedonia,

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 (GATT 1994) and the Marrakesh Agreement Establishing the World Trade Organization (WTO),

¹ The Annexes and Protocols thereto have been submitted to the Secretariat for consultation by interested Members (Office 3006).

Declaring their readiness to undertake activities with a view of promoting harmonious development of their trade, as well as of expanding and diversifying their mutual co-operation in the fields of joint interest, including fields, not covered by this Agreement, thus creating a framework and supportive environment, based on equality, non-discrimination, and 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 Parties from their obligations under other international agreements, especially the General Agreement on Tariffs and Trade 1994 and the Marrakesh Agreement Establishing the World Trade Organization,

HAVE DECIDED, in pursuance of these objectives, to conclude the following Agreement (hereinafter referred to as "this Agreement"):

Article 1

Objectives

The Contracting Parties shall gradually establish a free trade area in a transitional period lasting a maximum of 5 years, 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 Marrakesh Agreement Establishing the WTO.

The objectives of this Agreement are:

- (a) to increase the economic co-operation of the two countries and to raise the standard of living of their population,
- (b) to gradually eliminate restrictions on trade in goods,
- (c) to provide fair conditions of competition for trade between the Contracting Parties,
- (d) to contribute in this way, by removal of barriers to trade, to the harmonious development and expansion of world trade,
- (e) to enhance co-operation between the Contracting Parties,
- (f) to create conditions for further promotion of investments, particularly for the development of joint investment in both countries,
- (g) to promote trade and co-operation 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, the Customs Tariffs of the Republic of Bulgaria shall be applied to the classification of goods, imported in the Republic of Bulgaria. The Customs Tariffs of the Republic of Macedonia shall be applied to the classification of goods, imported in the Republic of Macedonia.
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 duty, applicable by the Contracting Parties on 1 January 1999.
3. If after this date, any tariff reduction is applied *erga omnes*, in particular, reductions, resulting from the tariff agreements under the Uruguay Round of the GATT 1994 and the Marrakesh Agreement Establishing the WTO, the reduced duties shall replace the basic duties under Paragraph 2 from the date of application of the reduction.
4. The reduced duties, calculated in accordance with Paragraph 2, shall be rounded off to the first decimal place.
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, applied in the Republic of Bulgaria on products, originating in the Republic of Macedonia, specified in Annex II, shall be progressively reduced and abolished in accordance with the timetable, provided in this annex.
3. Customs duties on imports, applied in the Republic of Macedonia on products, originating in the Republic of Bulgaria, specified in Annex III, shall be progressively reduced and abolished in accordance with the timetable, provided in this annex.

Article 5

Charges Equivalent to Duties

1. No new charges, having an effect equivalent to customs duties on imports, shall be introduced in the trade between the Contracting Parties, 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 Equivalent Effect

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

Article 8

Quantitative Restrictions 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 from the Contracting Parties and measures, having equivalent effect, shall be abolished on the date of entry into force of this Agreement.

Article 9

Quantitative Restrictions on Imports and Measures Having Equivalent Effect

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

Article 10

Technical Barriers to Trade

1. The rights and obligations of the Contracting Parties, relating to standards or technical regulations and the respective measures, shall be defined 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, Processed Agricultural and Fishery Products

Article 11

Scope

The provisions of this Chapter shall apply to agricultural, processed agricultural and fishery 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 one of the Contracting Parties.

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 for 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 consequences of the multilateral trade negotiations under the GATT 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, 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 a 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, 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 Party concerned shall immediately enter into consultations to find an appropriate solution. Pending such solution, the Contracting Party concerned may take measures it deems necessary.

Article 15

Sanitary and Phytosanitary Measures

1. The Contracting Parties shall apply their national regulations in the fields of veterinary, sanitary and phytosanitary control 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, 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 against products, originating in the Contracting Parties.
2. Products exported to one of the Contracting Parties, may not benefit from repayment of internal taxes in excess of the amount of direct or indirect taxes imposed on them.

Article 17

Customs Unions, Free-Trade Areas and Frontier Trade

1. This Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas or 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 union or free trade areas.

Article 18

Structural Adjustment

1. Exceptional measures of limited duration, derogating from the provisions of Article 4, 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 Party, introduced by these measures may not exceed 25 per cent *ad valorem* and shall maintain an element of preference for products, originating in the other Party. The total value of imports of the product, subject to these measures, may not exceed 15 per cent of total imports of industrial products from the other Contracting Party, as defined in Article 2, during the last year for which statistical data is available.
4. These measures shall be applied for a period not exceeding five consecutive years, unless a longer duration is authorized by the Joint Committee. They shall cease to apply at the latest on the expiration of the transitional period.
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 Contracting Party concerned shall inform the Joint Committee of any exceptional measures it intends to take and, upon request of the other 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 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 upon a different schedule.

Article 19

Anti-Dumping Measures

Nothing in this Agreement shall prejudice or affect in any way the taking, by either Parties of anti-dumping measures. If a Contracting Party finds that dumping, in the meaning of Article VI of General Agreement on Tariffs and Trade is taking place in the trade relations, governed by this Agreement, it may take appropriate measures against that practice in accordance with Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the GATT 1944, and in accordance with the procedure, laid down in Article 23 of this Agreement.

Article 20

General Safeguards

1. 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 like or directly competitive products in the territory of the importing 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.

Article 21

Re-export and Serious Shortage

1. Where compliance with the provisions of Articles 7 and 8 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 Party, that Contracting Party may take appropriate measures under the conditions and in accordance with the procedures, laid down in Article 23.

2. Measures, taken as a result of the situation referred to in paragraph 1, 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 by the end of the year following the entry into force of this Agreement, 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 the present 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, to an administrative procedure, the purpose of which is the rapid provision of information on the trend of trade flows, it shall inform the other Party.
3. Without prejudice to paragraph 7 of the present Article, a Contracting Party, which considers resorting to safeguard measures, shall promptly notify the other 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.
 - (a) As regards Articles 19, 20 and 21, 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 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,
 - (b) As regards Article 34, 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 Party,
 - (c) As regards Article 27, 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 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, 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, the protection of health and life of humans, animals or plants and environment; the protection of national treasures possessing artistic, historic or archeological value; the protection of intellectual property or rules, relating to gold or silver 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 Contracting Parties.

Article 25

Rules of Origin and Co-operation in Customs Administration

1. Protocol B of this Agreement lays down the rules of origin and related methods of administrative co-operation.

2. The Contracting Parties shall take appropriate measures, including regular reviews in the Joint Committee and arrangements for administrative co-operation, to ensure that the provisions of Protocol B and Articles 3 to 9, 13, 16 and 18 of the 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.

Article 27

Rules of Competition Between Undertaking, State Aid

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 concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
- (b) abuse by one or more undertakings of a dominant position in the territories of the Contracting Parties as a whole or in a substantial part thereof;
- (c) any state aid which distorts or threatens to distort competition by favoring certain undertakings or the production of certain goods.

2. The provisions of paragraph 1 (a) and (b) shall apply to the activities of all undertakings including public undertakings and undertakings to which the Contracting Parties grant special or exclusive rights. Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly, shall be subject to provisions of paragraph 1 (a) and (b) 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 products referred to in Chapter II 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(a) and (b) and Paragraph 2 of this Article, or if such practice causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry, the Party concerned may take appropriate measures under the conditions and in accordance with the procedure, laid down in Article 23.

5. The provisions of paragraph 1 (c) shall not apply to products, referred to in Chapter II.

6. 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 (c) shall be assessed, as well as the rules for their implementation.

7. The Contracting Parties shall ensure transparency of state aid measures, *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.

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

- (i) is incompatible with the terms of paragraph 1 (c), and is not adequately dealt with under the implementing rules, referred to in paragraph 6, or
- (ii) in the absence of rules, referred to in paragraph 6, 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. Such appropriate measures may only be taken in conformity with the procedures and under the conditions laid down by the GATT 1994, the Marrakesh Agreement Establishing the WTO and by any other relevant instruments negotiated under the auspices of the WTO which are applicable between the Contracting Parties.

Article 28

Balance of Payments Difficulties

Where one of the Contracting 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 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 Party forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

Article 29

Intellectual Property Rights

1. The Contracting Parties confirm their will to respect obligations, arising from the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, constituting Annex I c to the Marrakech Agreement, establishing the WTO, as well as other conventions on intellectual property protection, which are signed by both Contracting Parties, and listed in Annex IV.

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

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

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

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

Article 30

Public Procurement

1. The Contracting Parties consider the liberalization of their respective public procurement markets as an objective of this Agreement. The Parties aim at opening up of the award of public contracts on the basis of non-discrimination and reciprocity.

2. The Contracting Parties will 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 favorable 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 so as to ensure free access, transparency and full balance of rights and obligations. During the examination referred to in this paragraph, 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.

4. The Contracting Parties shall endeavour to accede to the relevant Agreements negotiated under the auspices of the GATT 1994 and the Marrakesh Agreement Establishing the WTO.

Article 31

The Joint Committee

1. A Joint Committee is hereby established in which each Contracting Party shall be represented.

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 Party, shall hold consultations within the Joint Committee. The Committee shall keep under review the possibility of further removal of the obstacles to trade between the Contracting Parties.

4. The Joint Committee may, in accordance with the provisions of paragraph 3 of Article 32, take decisions in the cases provided for in this Agreement. On other matters the Committee may make recommendations.

Article 32

Procedures of the Joint Committee

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

2. The Joint Committee shall act by common agreement.

3. If a representative in the Joint Committee of a Contracting Party to this Agreement 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 day the lifting of the reservation is notified.

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

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

Article 33

Security Exceptions

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

- (h) to prevent the disclosure of information contrary to its essential security interests;
- (i) 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, constituting threat of war.

Article 34

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 Party has failed to fulfill an obligation under this Agreement, the Party concerned may take the appropriate measures under the conditions and in accordance with the procedures laid down in Article 23.

Article 35

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 Party. The Contracting Parties may instruct the Joint Committee to examine this request and, where appropriate, to make recommendations to them, particularly with a view to opening negotiations.

Article 36

Amendments

Amendments to this Agreement other than those decided upon in accordance with paragraph 3 of Article 32, and which are approved by the Joint Committee, shall enter into force on the date of a receipt of the later diplomatic note, confirming that all procedures required by the

national legislation of each Contracting Party for entry into force of the amendments have been completed.

Article 37

Protocols and Annexes

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

Article 38

Validity and Withdrawal

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

Article 39

Entry into force

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

Article 40

Provisional application

Pending the entry into force of this Agreement according to the Article 39, the Contracting Parties agree to apply this Agreement provisionally from 1 January 2000.

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

DONE in duplicate at Sofia this 13th day of October 1999 in the official languages of the two states - Bulgarian language, according to the Constitution of the Republic of Bulgaria and Macedonian language, according to the Constitution of the Republic of Macedonia, and in the English language, each of these texts being equally authentic. In case of divergence the English text shall prevail.

For the Republic of Bulgaria

For the Republic of Macedonia
