

WORLD TRADE ORGANIZATION

WT/REG166/1
14 April 2004

(04-1664)

Committee on Regional Trade Agreements

Original: English

FREE TRADE AGREEMENT BETWEEN CROATIA AND ALBANIA

The following communication, dated 8 March 2004, is being circulated at the request of the Delegations of the Republic of Croatia and the Republic of Albania.¹

FREE TRADE AGREEMENT BETWEEN THE REPUBLIC OF CROATIA AND THE REPUBLIC OF ALBANIA

PREAMBLE

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

The Republic of Croatia and the Republic of Albania (hereinafter "the Parties").

Confirming 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;

Having regard to the experience gained from the co-operation developed between the Parties to this Agreement as well as between them and their main trading partners;

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

Referring to the mutual interest of the Parties in the continual reinforcement of the multilateral trading system and considering that the provisions and instruments of the General Agreement on Tariffs and Trade 1994 (hereinafter "GATT 1994") and the World Trade Organisation (hereinafter "WTO") constitute a basis for their foreign trade policy;

Resolved to lay down for this purpose provisions aimed at the progressive abolition of the obstacles to trade between the Parties in accordance with the provisions of these instruments, in particular those concerning the establishment of free trade areas;

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

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

¹ The Annexes of the Agreement have been submitted to the Secretariat for consultation by interested Members (office 1174).

Article 1

Objectives

1. The Parties shall gradually establish a free trade area in a transitional period of six 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 Agreement establishing WTO on substantially all their bilateral trade.
2. The objectives of this Agreement are:
 - (a) to increase and enhance the economic co-operation between the Parties and to raise the standard of living of the population of the two countries,
 - (b) to gradually eliminate restrictions on trade in goods,
 - (c) to provide fair conditions of competition in trade between the Parties,
 - (d) to contribute in this way, by the removal of barriers to trade, to the harmonious development and expansion of world trade,
 - (e) to create conditions for further promotion of investments, particularly for the development of joint investment in both countries,
 - (f) to promote trade and co-operation of the Parties on third countries' markets.

Article 2

Basic Duties

1. In the trade between the Parties covered by this Agreement, the Parties shall apply their respective Customs Tariffs on the classification of goods for imports into them.
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 (MFN) rate of duty in force on the date of entry into force of this Agreement.
3. If after 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 duties referred to in paragraph 2 as from that date when such reductions are applied.
4. The reduced duties, calculated in accordance with paragraph 2, shall be rounded without decimal numbers, in accordance with arithmetical rules. This, decimal additions from 0.1 - 0.4 should be avoided, while decimal 0.5 - 0.9 shall increase the principal by 1.
5. The Parties shall communicate to each other their respective basic duties.

CHAPTER I : INDUSTRIAL PRODUCTS

Article 3

Scope

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

Article 4

Customs Duties On Imports And Charges Having Equivalent Effect

1. From the date of entry into force of this Agreement no new customs duties on imports or charges having equivalent effect shall be introduced, nor shall those already applied be increased in trade between the Parties.
2. Customs duties on imports into the Republic of Albania of products originating in the Republic of Croatia other than those specified in Annex II shall be abolished upon the entry into force of this Agreement.
3. Customs duties on imports into the Republic of Croatia of products originating in the Republic of Albania other than those specified in Annex III shall be abolished upon the entry into force of this Agreement.

Article 5

Fiscal Duties

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

Article 6

Customs Duties On Exports And Charges Having Equivalent Effect

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

Article 7

Quantitative Restrictions On Exports And Imports And Measures Having Equivalent Effect

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

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

Article 8

Technical Barriers To Trade

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

CHAPTER II : AGRICULTURAL PRODUCTS

Article 9

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" means the products falling within Chapters 1 to 24 of the Harmonised Commodity Description and Coding System, including the products listed in Annex I to this Agreement.

Article 10

Exchange Of Concessions

1. The Parties shall grant each other the concessions specified in Protocol 1 to this Agreement (hereinafter "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 Parties,
 - the particular sensitivity of the agricultural products,
 - the rules of their agricultural policies,

- the results of the multilateral trade negotiations under the WTO.

the Parties shall examine within the framework of the Joint Committee referred in Article 33 to this Agreement (hereinafter "Joint Committee") the possibilities of granting each other further concessions in trade in agricultural products.

Article 11

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

Article 12

Concessions And Agricultural Policies

1. Without prejudice to the concessions granted under Article 10 to 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 respective provisions under the WTO.
2. The Parties shall notify to the Joint Committee changes in their respective 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 Party, prompt consultations shall be held to examine the situation.

Article 13

Specific Safeguards

Notwithstanding other provisions of this Agreement, and in particular Article 19 to this Agreement, and given the particular sensitivity of the agricultural products, if imports of products originating in a Party, which are subject to concessions granted under this Agreement, cause serious disturbances to the markets of the other Party, the Party concerned shall immediately enter into consultations to find an appropriate solution. Pending such solution, the Party concerned may take the measures it deems necessary. The type and duration of the measure should not go beyond what is strictly necessary to remedy the situation.

Article 14

Sanitary And Phytosanitary Measures

1. The Parties shall apply their regulations in sanitary and phytosanitary matters in a non-discriminatory fashion and shall not introduce any measures that have the effect of unduly obstructing trade.
2. The veterino-sanitary measures and the work of the veterinary services will be in accordance with international conventions in this field.

3. The phytosanitary measures and the work of the plant protection service will be in accordance with international conventions in this field.

CHAPTER III : GENERAL PROVISIONS

Article 15

Internal Taxation

1. The Parties shall refrain from any measures or practices of internal fiscal nature establishing, whether directly or indirectly, discrimination against products originating in the Parties.
2. Products exported to territory of the Parties shall not benefit from repayment of internal taxes in excess of the amount of indirect taxes imposed on them.

Article 16

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 Parties and in particular the provisions, concerning rules of origin, provided for in this Agreement.
2. Upon request the Parties shall inform each other of any agreement establishing customs union or free trade areas.

Article 17

Structural Adjustment

1. Exceptional measures of limited duration, derogating from the provisions of Article 4, may be taken 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 by these measures may not exceed 25% *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% of total imports of industrial products from the other Party, as defined in Article 4, during the last year for which statistical data is available.
4. The 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 18

Antidumping And Countervailing Measures

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

Article 19

General Safeguards

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

- (a) serious injuries to domestic producers of a like or directly competitive products in the territory of the importing 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 Party concerned may take appropriate measures under the conditions and in accordance with the procedure, laid down in Article 22.

Article 20

Re-Export And Serious Shortage

1. Where compliance with the provisions of Articles 6 and 7 leads to:

- (a) re-export towards a third country against which the exporting Parties 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 22.

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 21

State Monopolies

1. The Parties shall adjust progressively any state monopoly of a commercial character so as to ensure that by the date of entry into force of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Parties.

2. The Joint Committee shall be informed about the measures adopted to implement this objective.

Article 22

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 Parties shall endeavor to solve any differences between them through direct consultations.
2. If a Party subjects imports of products, liable to give rise to the situation, referred to in Article 19, 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 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 in the Joint Committee with a view to finding a mutually acceptable solution.
4.
 - (a) As regard Articles 18, 19 and 20 to this Agreement, the Joint Committee shall examine the case of the situation and may take any decision needed to put an end to the difficulties notified by the 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 regard Article 36 to this Agreement, the 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 and 28 to 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 other 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 such measures to deal with the difficulties, resulting from the practice in question.
5. The safeguard measures taken shall be notified immediately to the Party. 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 such 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 Party concerned may, in the cases of Articles 18, 19 and 20 to this Agreement, apply forthwith the provisional measures, strictly necessary to remedy the situation. The measures shall be notified without delay and consultations between the Parties shall take place as soon as possible within the Joint Committee.

Article 23

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 Parties.

Article 24

Rules Of Origin And Co-Operation In Customs Administration

1. Protocol 2 of this Agreement lays down the rules of origin and related methods of administrative co-operation.
2. The 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 2 and Articles 2 to 8, 12, 15 and paragraph 1 of Article 16 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 provision.

Article 25

Restriction Authorised

Both Parties agree to co-operate to reduce the potential for fraud in the application of the trade provisions of this Agreement.

Notwithstanding other provisions of this Agreement, and in particular Articles 13, 19 and 25 Protocol 2, where one Party finds that there is sufficient evidence of fraud such as a significant increase in trade of products by one Party to the other Party, beyond the level reflecting economic conditions such as normal production and exports capacities, or failure to provide administrative co-operation as required for the verification of evidence of origin by the other Party, both Parties shall enter into consultations immediately to find an appropriate solution. Pending such solution, the Party concerned may take the appropriate measures it deems necessary. In the selection of the measures priority must be given to those which least disturb the functioning of the arrangements established in this Agreement.

Article 26

Payments

Any payment arising from trade of goods, services and rights to non material goods between the Parties shall be made in convertible currency, in accordance with the respective national legislation of the Parties.

Article 27

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 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 substantial part thereof.
2. The provisions of paragraph 1 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 in so far as the application of these provisions does not obstruct the performance, in law or fact, of the particular public tasks assigned to them.
3. With regard to products referred to in Chapter II to this Agreement the provisions stipulated in paragraph 1 (a) shall not apply to such agreements, decisions and practices which form an integral part of a national market organization.
4. If a Party considers that a given practice is incompatible with paragraphs 1, 2 and 3 of this Article or if such practice causes or threatens to cause serious prejudice to the interest of that 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 22 of this Agreement.

Article 28

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, in so far as it may affect trade between the Parties, be incompatible with the proper functioning of this Agreement.
2. The provisions of paragraph 1 shall not apply to products covered by Chapter II to this Agreement.
3. 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.
4. If a Party considers that a particular practice:
 - is incompatible with the terms of paragraph 1, or
 - 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 of and in accordance with the provisions laid down in Article 22 of this Agreement.

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

Article 29

Balance Of Payments Difficulties

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 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 Party concerned shall inform the other Party forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

Article 30

Intellectual Property Rights

1. The Parties shall grant and ensure adequate and effective protection of intellectual property rights on a non-discriminatory basis, including effective measures for enforcing such rights against infringement, and particularly against counterfeiting and piracy. Parties agree to comply with the substantive standards of the multilateral agreements listed in Annex IV.
2. For the purpose of this Agreement the term "intellectual property" refers to: protection of copyright and related rights, including computer programs and databases, the rights of inventors, design creators, the patent rights and inventions or utility models, trade marks, industrial designs and topographies of integrated circuits, geographical indications including mark of origin, as well as undisclosed information including "know-how".
3. In fulfilment of their commitments under international agreements and legislation in the field of intellectual property rights, the Parties to this Agreement shall not grant to nationals of the state of the other Party treatment less favourable than that accorded to nationals of any third state.
4. The Parties shall co-operate in matters of intellectual property. Upon request of a Party, they shall hold expert consultations on these matters, in particular on activities relating to the existing or to future international conventions concerning the harmonisation, administration and enforcement of intellectual property and on activities in international organisations, such as the WTO, World Intellectual Property Organisation, as well as on the relations of the Parties with any third country on intellectual property matters.
5. The implementation of this article shall be regularly assessed by the Parties. Upon difficulties in trade in relation with the rights of intellectual property, any of the Parties may request urgent consultations for finding mutually satisfactory solution.

Article 31

Public Procurement

1. The 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 procurement on the basis of non-discrimination and reciprocity.
2. The Parties will progressively develop their respective rules, conditions and practices on public procurement and shall grant suppliers of the other Party access to contract award procedures on their respective public procurement markets not less favourable than that accorded to companies of any third country.
3. The Joint Committee shall examine developments related to the achievement of the objectives of this Article and may recommend practical modalities of implementing the provisions of paragraph 2 so as to ensure free access, transparency and full balance of rights and obligations. During the examination referred to this paragraph from this article, the Joint Committee may consider, especially in the light of international regulations in this area, the possibility of extending the coverage and/or the degree of the market opening provided for in paragraph 2.
4. The Parties shall endeavour to accede to the relevant Agreements negotiated under the auspices of the GATT 1994 and the Agreement establishing the WTO.

Article 32

Services And Investment

1. The Parties to this Agreement 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 and Services.
2. The Parties will discuss in the Joint Committee this co-operation with the aim of developing and deepening of their relations governed in this Article.

CHAPTER IV : INSTITUTIONAL AND FINAL PROVISIONS

Article 33

The Joint Committee

1. A Joint Committee is hereby established and shall be composed of 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, at the 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 Parties.

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

Article 34

Procedures Of The Joint Committee

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

2. The Joint Committee shall act by consensus.

3. If a representative in the Joint Committee of a Party 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 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 Chair person and its term of office.

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

Article 35

Security Exceptions

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

- (a) to prevent the disclosure of information contrary to its essential security interests;
- (b) for the protection of its essential security interests or for the implementation of international obligations or national policies:
 - (i) relating to the traffic in arms, ammunition and implements of war, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes, and to such traffic in other goods, materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment; or
 - (ii) relating to the non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or
 - (iii) taken in time of war or other serious international tension, constituting threat of war.

Article 36

Fulfillment Of Obligations

1. The 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 Party considers that the other Party has failed to fulfil 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 22.

Article 37

Evolutionary Clause

1. Where a Party considers that it would be useful in the interest 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 Parties may instruct the Joint Committee to examine such request and, where appropriate, to make recommendations to them, particularly with a view to opening negotiations.
2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to ratification or approval by the Parties in accordance with their national legislation.

Article 38

Amendments

Amendments to this Agreement other than those decided upon in accordance with paragraph 3 of Article 34, 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 Party for entry into force of the amendments have been completed.

Article 39

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 to this Agreement in accordance with the provisions of paragraph 2 of Article 34.
3. In this case the amendments shall enter into force on the date of a receipt of the last written notification through diplomatic channels confirming that the internal legal requirements for the entry into force of the amendments have been fulfilled.

Article 40

Duration And Denunciation

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

2. Each Party may denounce this Agreement by a written notification through diplomatic channels to the other Party. The denunciation shall enter into force on the first day of the seventh month after the date of receipt the notification of denunciation.

3. The Parties agree that in the event of any Party becoming a member of the European Union, that Party will withdraw from this Agreement at the latest the day before membership takes effect and without any compensation to the other Party subject to the altered conditions of trade.

Article 41

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 of the receipt of the last written notification by which Parties inform each other through diplomatic channels that all necessary requirements foreseen by their internal legislation for the entry into force of this Agreement have been fulfilled.

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

DONE in Zagreb, on 27th September 2002, in two originals each in the Croatian, Albanian and English languages, all three texts being equally authentic. In case of divergence in interpretation the English text shall prevail.
