

# COOPERATION AGREEMENT BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA

HIS MAJESTY THE KING OF THE BELGIANS,

HER MAJESTY THE QUEEN OF DENMARK,

THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY,

THE PRESIDENT OF THE FRENCH REPUBLIC,

THE PRESIDENT OF IRELAND,

THE PRESIDENT OF THE ITALIAN REPUBLIC,

HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG,

HER MAJESTY THE QUEEN OF THE NETHERLANDS,

HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

and

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE PRESIDENT OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA,

of the other part,

## PREAMBLE

RESOLVED to strengthen economic cooperation between the Community and its Member States, on the one hand, and the Socialist Federal Republic of Yugoslavia, a non-aligned, European, Mediterranean State and a member of the group of 77 developing countries, on the other hand,

HAVING REGARD to the Final Act of the Conference on security and cooperation in Europe,

MOVED by a common will to contribute to the economic development of the Socialist Federal Republic of Yugoslavia in various sectors of mutual interest, having regard to the respective levels of development of their economics,

RESOLVED to undertake, in accordance with the Joint Declaration signed in Belgrade on 2 December 1976, the necessary efforts to strengthen, consolidate and diversify relations between the Community and the Socialist Federal Republic of Yugoslavia and the interdependence and complementarity of their economies, with a view to more harmonious development of their economic links,

RESOLVED to promote the development and diversification of economic, financial and trade cooperation in order to foster a better balance and an improvement in the structure of their trade and expand its volume and to improve the welfare of their populations,

RESOLVED to provide a sounder basis for cooperation in conformity with their international obligations,

DESIRING to contribute to the development of economic cooperation between countries having different levels of economic development, in the framework of the efforts of the international community to attain a more just and more balanced economic order,

ANXIOUS to contribute to the attainment of the objectives of the Agreements signed at Osimo on 10 November 1975 by the Italian Republic and the Socialist Federal Republic of Yugoslavia, and in particular the objectives contained in the Protocol on

the free zone and in the Agreement on the promotion of economic cooperation between the two countries,

CONSCIOUS of the need to take into account the significance of the new situation created by the enlargement of the Community for the organization of more harmonious economic and trade relations between the Community and the Socialist Federal Republic of Yugoslavia, and to strengthen existing links between neighbours,

HAVE DECIDED to conclude this Agreement and to this end have designated as their plenipotentiaries

HIS MAJESTY THE KING OF THE BELGIANS:

Joseph TROUVEROY, Ambassador Extraordinary and Plenipotentiary to Belgrade;

HER MAJESTY THE QUEEN OF DENMARK:

Terer MEYER MICHAELSEN, Ambassador Extraordinary and Plenipotentiary to Belgrade;

THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY:

Horst GRABERT, Ambassador Extraordinary and Plenipotentiary to Belgrade;

THE PRESIDENT OF THE FRENCH REPUBLIC:

Yves PAGNIEZ, Ambassador Extraordinary and Plenipotentiary to Belgrade;

THE PRESIDENT OF IRELAND:

Brendan DILLON, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the European Communities;

THE PRESIDENT OF THE ITALIAN REPUBLIC:

Attilio RUFFINI, Minister for Foreign Affairs;

HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG:

Paul HELMINGER, State Secretary for Foreign Affairs;

HER MAJESTY THE QUEEN OF THE NETHERLANDS:

D. F. van der MEI, State Secretary for Foreign Affairs;

HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND:

R. A. FARQUHARSON, CMG, Her Britannic Majesty's Ambassador Extraordinary and Plenipotentiary to Belgrade;

THE COUNCIL OF THE EUROPEAN COMMUNITIES;

Attilio RUFFINI,

President-in-office of the Council of the European Communities, Minister for Foreign Affairs of the Italian Republics

Wilhelm HAFERKAMP,

Vice-President of the Commission of the European Communities;

THE PRESIDENT OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA:

Josip VRHOVEC, Federal Secretary for Foreign Affairs;

## **Article I.**

The object of this Agreement between the European Economic Community and the Socialist Federal Republic of Yugoslavia is to promote overall cooperation between the Contracting Parties with a view to contributing to the economic and social development of the Socialist Federal Republic of Yugoslavia and helping to strengthen relations between the Parties. To this end provisions and measures will be adopted and implemented in the field of economic, technical and financial cooperation, and in the trade and social fields.

## **Title I. ECONOMIC, TECHNICAL AND FINANCIAL COOPERATION**

### **Article 2.**

The Community and Yugoslavia shall institute cooperation with the aim of contributing to the development of Yugoslavia by efforts complementary to those made by Yugoslavia itself, and of strengthening economic links existing between Yugoslavia and the Community on as broad a basis as possible for the mutual benefit of the Parties.

### **Article 3.**

In order to achieve the cooperation referred to in Article 2, account shall be taken, in particular, of the objectives and priorities of Yugoslavia's development plans and programmes.

### **Article 4.**

The Contracting Parties shall encourage the proper performance of cooperation and investment contracts which are of interest to both Parties and come within the framework of the Agreement.

### **Article 5.**

1. The purpose of cooperation in the industrial field between the Community and Yugoslavia shall be to promote in particular:

- participation by the Community in the efforts made by Yugoslavia to develop its production and economic infrastructure in order to diversify the structure of its economy, taking into account the mutual interest of the Parties,
- market surveys and trade promotion by both Parties on their respective markets and on the markets of third countries,
- encouragement of the transfer and development of technology in Yugoslavia and the protection of patents and other industrial property by means of appropriate arrangements between economic agents and institutions within the Community and those of Yugoslavia,
- the encouragement and fostering of cooperation in long-term production between economic agents of the two Parties in order to establish more stable and balanced links between the respective economies,
- efforts to find appropriate ways and means of removing non-tariff and non-quota barriers on both sides likely to impede access to either market,
- the organization of contacts and meetings between industrial policy makers, promoters and economic agents from Yugoslavia and the Community in order to encourage the establishment of new relations in the industrial sector in conformity with the objectives of the Agreement,
- the exchange of available information on short- and medium-term | prospects and forecasts for production, consumption and trade.

2. The Business Cooperation Centre shall be open to Yugoslav economic agents.

3. The Contracting Parties shall take steps to promote and protect each other's investments in their respective territories and in this regard shall endeavour to conclude reciprocal investment promotion and protection agreements to their mutual advantage.

4. The aim of cooperation in the energy field between the Community and Yugoslavia shall be to encourage in particular the participation of the Contracting Parties' economic agents in research, production and processing programmes in connection with Yugoslavia's energy resources and any other projects of mutual interest.

### **Article 6.**

1. The Community and Yugoslavia shall endeavour to continue to develop and strengthen scientific and technological cooperation under the programme of European cooperation in the field of scientific and technical research (COST).

2. In addition, the Contracting Parties are prepared to consider cooperation in certain areas of research where the Community is carrying out scientific and technical programmes.

## **Article 7.**

1. The main aims of cooperation between the Community and Yugoslavia on agriculture shall be:

- to encourage scientific and technical cooperation on projects of mutual interest, including projects in third countries,
- in particular, to promote mutually advantageous investment projects and in that connection encourage efforts to find points of complementarity.

2. To this end the Community and Yugoslavia shall:

- step up the exchange of information on the guidelines of the respective agricultural policies, including short- and medium-term production, consumption and trade forecasts,
- facilitate and encourage the study of practical schemes for cooperation in the mutual interest of the Parties,
- encourage the improvement and broadening of contacts between economic agents,

## **Article 8.**

1. In the transport field, the Community and Yugoslavia shall examine the scope:

- for improving and developing internal transport services, including combined transport, notably in order to achieve complementarity, and
  - for implementing specific schemes in this field in the mutual interest.
- Cooperation shall also aim to encourage the improvement and development of infrastructure, to the mutual benefit of the Parties.

To this end the Community and Yugoslavia shall exchange information on projects to build trunk roads of mutual interest and encourage cooperation in their execution.

3. In addition, the Community and Yugoslavia shall

- hold exchanges of views and information on the development of their respective transport policies,
- encourage cooperation between Adriatic ports on the basis of mutual interest,

## **Article 9.**

The Community and Yugoslavia shall encourage exchanges of information on tourism and participation in joint studies on possible ways of developing this sector, and shall promote contacts between their relevant bodies and between tourist trade associations with a view to increasing tourist traffic.

## **Article 10.**

With the aim of improving the quality and circumstances of life, the environment and living conditions in the Community and Yugoslavia, pooling technical know-how on environmental matters and encouraging cooperation on ecological problems, the Community and Yugoslavia shall exchange information on developments in their respective policies and shall encourage the joint implementation of specific priority schemes.

## **Article 11.**

The Community and Yugoslavia shall encourage exchanges of information on developments in their respective fisheries policies and the implementation of projects of mutual interest with the aim of promoting the strengthening cooperation in this sector.

## **Article 12.**

1. In the context of financial cooperation, the Community and Yugoslavia shall exchange information on and undertake joint analyses of their medium-term economic policies, balance-of-payments trends and the policies which determine them, and

capital market trends in European centres, with the aim of promoting the activities of economic agents.

They shall exchange information in the Cooperation Council on general conditions capable of having an influence on capital flows earmarked for financing investment projects in various sectors of mutual interest.

2, The Community shall participate in the financing of capital projects of mutual interest which take account of the objectives of this Agreement, under the conditions laid down in Protocol 2 on financial cooperation.

### **Article 13.**

1. The Cooperation Council shall periodically define the general guidelines of cooperation for the purpose of attaining the aims set out in this Agreement.

2 The Cooperation Council shall be responsible for seeking ways and means of establishing cooperation in the areas defined by the Agreement.

## **Title II. TRADE**

### **Article 14.**

In the field of trade, the object of this Agreement is to promote trade between the Contracting Parties, taking account of their respective levels of development and of the need to ensure a better balance in their trade, with a view to improving the conditions of access for Yugoslav products to the Community market.

#### **A.. Industrial products**

### **Article 15.**

Subject to the special provisions laid down in respect of certain products in this Title and in Protocol 1, products originating in Yugoslavia which are not listed in Annex It to the Treaty establishing the European Economic Community nor in Annex A to this Agreement shall be imported into the Community free of quantitative restrictions and measures having equivalent effect, and of customs duties and charges having equivalent effect.

### **Article 16.**

The arrangements provided for in Article 1 of Protocol 7 to the Act concerning the conditions of accession and the adjustments to the Treaties of 22 January 1972, on imports of motor vehicles and the motor vehicle assembly industry in Ireland, shall apply to Yugoslavia for the period specified in the said Article,

### **Article 17.**

1. This Agreement shall not affect the provisions of the Agreement concerning trade in textiles between Yugoslavia and the Community concluded in the framework of the Arrangement regarding international trade in textiles.

2. No later than six months before the expiry of the abovementioned Agreement, the Contracting Parties shall determine the arrangements to be applied to textile products subsequently.

### **Article 18.**

1. Customs duties on imports into the Community of the products listed below shall be abolished in stages in accordance with the timetable set out in paragraph 2:

CCT heading No.	Description
No 28.04	Hydrogen; rare gases; other non-metals: A. Hydrogen B. Rare gases C. Other non-metals: I. Oxygen III. Tellurium and arsenic IV. Phosphorus V. Other

28.20	Aluminium oxide and hydroxide; artificial corundum: A. Aluminium oxide and aluminium hydroxide
73.02	Ferro-alloys: B. Ferro-aluminium, ferro-silico-aluminium and ferro-silico-mangano-aluminium E. Ferro-chromium and ferro-silico-chromium; II. Ferro-silico-chromium G. Other
81.04	Other base metals, unwrought, and articles thereof; cermets, unwrought, and articles thereof: B. Cadmium: I. Unwrought; waste and scrap

2.

Timetable	Rate of reduction (%)
On the date of entry into force of the Agreement	40
From 1 January 1982	80
From 1 January 1984	100

3. The basic duty to be used for calculating the reductions provided for in paragraph 2 shall be that actually applied at any given time in respect of third countries.

4. This Article shall also apply to the products listed in Annex [V to Protocol 1 under the conditions laid down in that Protocol.

## Article 19.

Customs duties on imports into the Community of the products listed in Annex B shall be those indicated for each of them in char Annex.

## Article 20.

1. For certain products which it considers to be sensitive, the Community reserves the right to call upon the Cooperation Council to determine such special conditions for access to its market as may prove necessary.

The Cooperation Council shall determine the conditions in question within a period not exceeding three months from the date of notification. Failing a decision by the Cooperation Council within that period, the Community may take the necessary measures. However, such measures may not be wider in scope than those applicable, in respect of the products in question, pursuant to the provisions of Protocol 1 under the conditions laid down in that Protocol,

2. For the purposes of applying paragraph 1, the Contracting Parties shall hold periodic exchanges of information in the Cooperation Council before determining, if appropriate, special conditions for access by the products concerned to the respective markets of the Parties, The Contracting Parties shall exchange information in particular on trade flows and medium- and long-term production and export forecasts.

3. The Cooperation Council shall examine periodically the measures taken under paragraph 1 to ascertain whether they are compatible with the objectives of the Agreement.

## B.. Agricultural products

### Article 21.

Customs duties on imports into the Community of the products originating in Yugoslavia which are listed below shall be reduced to the level indicated for each of them:

CCT heading	Description	Duty
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No.		applicable
01.01	Live horses, asses, mules and hinnies: A. Horses: II. For slaughter (a)	14%
08.07	Stone fruit, fresh: C. Cherries: ex 1 From 1 May to 15 July: - Morello cherries.	10% with a minimum amount of 3 EUA per 100 kg net weight (b)
	ex. II From 16 July to 30 April: - Morello cherries	12 % (b)
8.10	Fruit (whether or not cooked), preserved by freezing, not containing added sugar: ex D. Other: - Morello cherries	13%
08.11	Fruit provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption: ex E. Other: - Morello cherries	6%
08.12	Fruit, dried, other than that falling within heading No 08.01, 08.02, 08.03, 08.04 or 08.05: ex G. Other: - Morello cherries	4%
12.03	Seeds, fruit and spores, of a kind used for sowing: E. Other	4%
20.03	Fruit preserved by freezing, containing added sugar: ex A. With a sugar content exceeding 13 % by weight: - Morello cherries	18% + (L)
	ex B. Other: - Morello cherries	18%
22.09	Spirits (other than those of heading No 22.08); liqueurs and other spirituous beverages; compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages: C. Spirituous beverages: IV. Vodka with an alcoholic strength of 45-4 % vol or less and plum, pear or cherry spirit (excluding liqueurs), in containers holding: ex a) Two litres or less: - Plum spirit under the name "Sljivovica" accompanied by a certificate of authenticity to be drawn up by the competent authorities	0-3 BUA per hl per % degree of alcohol + 3 EUA per hl (c)

(a) Entry under this subheading is subject to conditions to be determined by the competent authorities. (b) In addition to the customs duty, a countervailing charge is applicable under certain conditions. (c) Within the limits of an annual Community tariff quota of 420 hectolitres.

## Article 22.

1. The treatment set out in the following paragraphs shall be applied to wine of fresh grapes falling within subheadings 22.05 ex C I a) and ex C II a) of the Common Customs Tariff originating in Yugoslavia and imported into the Community provided that, subject to the special provisions provided for in this Article, the import prices of such products plus the customs duties actually levied are not less at any given time than the Community reference prices for such wine.

2. For the wine referred to in paragraph 1 the customs duty on imports into the Community shall be reduced by 30% within the limits of an annual Community tariff quota of 12 000 hectolitres.

3. The wines to which the tariff reduction provided for in paragraph 2 applies shall be specified by exchange of letters between the respective competent authorities of the Contracting Parties after it has been ascertained that Yugoslav legislation on wine covered by a designation of origin is equivalent to the relevant Community legislation.

### **Article 23.**

1. For tobacco of the "Prilep" type falling within subheading 24.01 ex B of the Common Customs Tariff, originating in and coming from Yugoslavia, customs duties shall be suspended at the rate of 7 % ad valorem with a minimum amount of 13 ECU per 100 kilograms and a maximum of 45 ECU per 100 kilograms.

2. The import treatment specified in paragraph 1 shall be applied to tobacco of the "Prilep" type accompanied by a certificate of origin and of authenticity, within the limits of an annual Community tariff quota of 1 500 tonnes.

3. The respective competent authorities of the Contracting Parties shall adopt by exchange of letters the provisions and procedures relating to the certificate of origin and authenticity referred to in paragraph 2.

### **Article 24.**

1. The amount of the levy on imports into the Community of the products defined in the list appearing in Annex C may not exceed:

- 5% of the basic levy if it is ascertained that the Community market price is more than 104 % of the guide price but not more than 106 % of that price,

- 15 % of the basic levy if it is ascertained that the Community market price is more than 102 % of the guide price but not more than 104 % of that price,

- 50% of the basic levy if it is ascertained that the Community market price is above the guide price but not more than 102 % of that price,

- 75% of the basic levy if it is ascertained that the Community market price is not less than 98 % of the guide price but not more than that price,

- 80 % of the basic levy if it is ascertained that the Community market price is not less than 96 % of the guide price but less than 98 % of that price,

- 85% of the basic levy if it is ascertained that the Community market price is not less than 90 % of the guide price but less than 96 % of that price,

- 90% of the basic levy if it is ascertained that the Community market price is less than 90% of the guide price.

2. (a) Yugoslavia shall supply the competent authorities of the Community with all relevant information on export prices, quantities and presentation of the products exported (live animals, carcasses, quarters).

(b) Yugoslavia shall take all appropriate measures to ensure that the free-at-frontier offer price, plus the customs duty and the reduced levy, remains equivalent to that resulting from application of the normal levy.

(c) To help stabilize the internal Community market, Yugoslavia shall maintain adequately phased deliveries and shall take all steps necessary to ensure a balanced expansion of its exports to the Community, in particular by exercising effective control over each consignment by means of a document certifying that the goods originated in and came from Yugoslavia and correspond exactly to the descriptions appearing in Annex C. The text of that certificate shall be agreed between the competent authorities of the two Parties.

(d) The arrangements for implementing, subparagraphs (a), (b) and (c) shall be determined in the context of the cooperation to be established between the competent authorities of Yugoslavia and the Community.

(e) The levy reductions shall apply to a quantity of 2.900 tonnes per month when the Community market price is less than 98 % of the guide price.

### **Article 25.**

1. Should specific rules be introduced as a result of implementation of its agricultural policy or modification of the existing rules, or should the provisions on the implementation of its agricultural policy be modified or developed, the Community



may modify the arrangements laid down in the Agreement in respect of the products concerned.

In such cases the Community shall take appropriate account of the interests of Yugoslavia.

2. If the Community, in applying paragraph 1, modifies the arrangements made by this Agreement for products covered by Annex II to the Treaty establishing the European Economic Community, it shall accord imports originating in Yugoslavia an advantage comparable to that provided for in this Agreement.

3. Any modification of the arrangements made by this Agreement shall be the subject, at the request of the other Contracting Party, of consultations within the Cooperation Council.

## **C.. Common provisions**

### **Article 26.**

The products originating in Yugoslavia referred to in this Agreement may not enjoy more favourable treatment when imported into the Community than that applied by the Member States among themselves.

### **Article 27.**

In the field of trade Yugoslavia shall grant the Community treatment no less favourable than most-favoured-nation treatment.

### **Article 28.**

This Agreement shall not affect the application of the specific arrangements governing the movement of goods laid down in frontier agreements previously concluded between one or more Member States and Yugoslavia.

### **Article 29.**

1. The Contracting Parties shall inform each other when this Agreement is signed of the provisions relating to the trade arrangements they apply.

2. Yugoslavia shall be entitled to introduce into its trade arrangements with the Community new customs duties or charges having equivalent effect and new quantitative restrictions or measures having equivalent effect and to increase the duties or charges and the quantitative restrictions or measures having equivalent effect applied to products originating in or going to the Community, in so far as such measures are necessitated by Yugoslavia's industrialization and development. In accordance with the objectives of the Agreement, the measures selected by Yugoslavia shall be those which least harm the trade and economic interests of the Community.

3. Yugoslavia shall inform the Community of the measures in question so that appropriate discussions may be held on them at a suitable time.

4. The Cooperation Council shall examine periodically the measures taken by Yugoslavia under paragraph 2.

### **Article 30.**

The concept of "originating products" for the purposes of implementing Titles II and II and the methods of administrative cooperation relating thereto are laid down in Protocol 3.

### **Article 31.**

In the event of modifications to the nomenclature of the customs tariffs of the Contracting Parties affecting products referred to in this Agreement, the Cooperation Council may adopt the tariff nomenclature of these products to conform with such modifications, provided the real advantages resulting from this Agreement are maintained.

### **Article 32.**

The Contracting Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products of one Contracting Party and like products originating in the territory of

the other Contracting Party.

Products exported to the territory of one of the Contracting Parties may not benefit from the repayment of internal taxes in excess of the amount of direct or indirect taxes imposed upon them.

### **Article 33.**

Payments relating to commercial transactions carried out in accordance with foreign trade and exchange regulations and the transfer of such payments to the Member State of the Community in which the creditor is resident or to Yugoslavia shall be free from any restrictions,

### **Article 34.**

The 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 industrial and commercial property, or rules relating to gold or silver. Such prohibitions or restrictions must not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.

### **Article 35.**

1. If one of the Contracting Parties finds that dumping is taking place in trade with the other Contracting Party, it may, pursuant to the Agreement on implementation of Article VI of the General Agreement on Tariffs and Trade, take appropriate measures against this practice in accordance with the procedures laid down in Article 38.

2. In the event of measures being taken against subsidies, the Contracting Parties undertake to observe the provisions of the Agreement on the interpretation and application of Articles VI, XVI and XXII of the General Agreement on Tariffs and Trade,

### **Article 36.**

If serious disturbances arise in any sector of the economy or if difficulties arise which might bring about a serious deterioration in the economic situation of a region, the Contracting Party concerned may take the necessary safeguard measures under the conditions and in accordance with the procedures laid down in Article 38,

### **Article 37.**

In the event of a Contracting Party subjecting imports of products liable to give rise to the difficulties referred to in Article 36 to an administrative procedure, the purpose of which is to provide rapid information on the trend of trade flows, it shall inform the other Contracting Party.

### **Article 38.**

1. In the cases specified in Articles 35 and 36 before taking the measures provided for therein or, in cases to which paragraph 2 applies, as soon as possible, the Contracting Party in question shall supply the Cooperation Council with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Contracting Parties. Consultations shall take place in the Cooperation Council before the Contracting Party concerned takes the appropriate measures, should the other Contracting Party so request.

2. Where exceptional circumstances require immediate action making prior examination impossible the Contracting Party concerned may, in the situations specified in Articles 35 and 36, apply forthwith such precautionary measures as are strictly necessary to remedy the situation.

3. In the selection of measures, priority must be given to those which least disturb the functioning of the Agreement. Such measures must not exceed the limits of what is strictly necessary to counteract the difficulties which have arisen.

The safeguard measures shall be notified immediately to the Cooperation Council, which shall hold periodic consultations on them, particularly with a view to their abolition as soon as circumstances permit.

### **Article 39.**

In the event of a sudden and very substantial worsening of the trade imbalance which is liable to jeopardize the smooth functioning of the Agreement, the Contracting Parties shall hold special consultations within the Cooperation Council to examine the difficulties that have arisen with a view to keeping the Agreement functioning as normally as possible.

#### **Article 40.**

Where one or more Member States of the Community or Yugoslavia is in serious difficulties or is seriously threatened with difficulties as regards its balance of payments, the Contracting Party concerned may take the necessary safeguard measures. In the selection of measures, priority must be given to those which least disturb the functioning of the Agreement. They shall be notified immediately to the other Contracting Party and shall be the subject of periodic consultations within the Cooperation Council, particularly with a view to their abolition as soon as circumstances permit.

### **Title III. PROVISIONS RELATING TO THE FREE ZONE ESTABLISHED BY THE AGREEMENTS SIGNED AT OSIMO**

#### **Article 41.**

In the implementation of cooperation the Community and Yugoslavia shall give particular attention to activities which come within the scope of the Agreements signed at Osimo on 10 November 1975 by the Italian Republic and the Socialist Federal Republic of Yugoslavia.

In particular, as regards the list of projects that are to receive financial assistance in the context of cooperation, the Contracting Parties shall take account of their mutual interest in attaining the objectives of the said Agreements.

#### **Article 42.**

1. Without prejudice to the possible application of the safeguard clause, the Community, within the framework of Community provisions governing free zones, and Yugoslavia shall grant free access to their respective markets to products that have obtained originating status within the meaning of Protocol 3 in the said zone,

2. They shall, in so far as possible, avoid applying to those products such measures as they might take pursuant to Article 20 or 29 or Protocol 1.

#### **Article 43.**

For the purposes of the implementation of Articles 41 and 42, the Community and Yugoslavia shall cooperate closely in the Cooperation Council, particularly in order to take stock of progress on projects for developing the zone, in accordance with the objectives of the Agreements signed at Osimo.

### **Title IV. COOPERATION IN THE FIELD OF LABOUR**

#### **Article 44.**

The treatment accorded by each Member State to workers of Yugoslav nationality employed in its territory shall be free from any discrimination based on nationality, as regards working conditions or remuneration in relation to its own nationals.

Yugoslavia shall accord the same treatment to workers who are nationals of a Member State and employed in its territory.

#### **Article 45.**

1. Subject to the provisions of the following paragraphs, workers of Yugoslav nationality and any members of their families living with them shall enjoy, in the field of social security, treatment free from any discrimination based on nationality in relation to nationals of Member States in which they are employed.

2. All periods of insurance, employment or residence completed by such workers in the various Member States shall be added together for the purpose of pensions and annuities in respect of old age, death and invalidity, and also for the purpose of medical care for the workers and for members of their families resident in the Community,

3. The workers in question shall receive family allowances for members of their families who are resident in the Community.

4. The workers in question shall be able to transfer freely to Yugoslavia, at the rates applied by virtue of the law of the debtor Member State or States, any pensions or annuities in respect of old age, death, industrial accident or occupational disease, or of invalidity resulting from industrial accident or occupational disease.

5. Yugoslavia shall accord to workers who are nationals of a Member State and employed in its territory, and to the members of their families, treatment similar to that specified in paragraphs 1, 3 and 4.

#### **Article 46.**

1. Before the end of the first year following the entry into force of this Agreement, the Cooperation Council shall adopt provisions to implement the principles set out in Article 45.

2. The Cooperation Council shall adopt detailed rules for administrative cooperation providing the necessary management and control guarantees for the application of the provisions referred to in paragraph 1.

#### **Article 47.**

The provisions adopted by the Cooperation Council in accordance with Article 46 shall not affect any rights or obligations arising from bilateral agreements tinking Yugoslavia and the Member States where those agreements provide for more favourable treatment of nationals of Yugoslavia or of the Member States.

### **Title V. GENERAL AND FINAL PROVISIONS**

#### **Article 48.**

1. A Cooperation Council is hereby established which shall have the power, for the purpose of attaining the objectives set out in the Agreement, to take decisions in the cases provided for in the Agreement.

The decisions taken shall be binding on the Contracting Parties, which shall take such measures as are required to implement them.

2. The Cooperation Council may also formulate any resolutions, recommendations or opinions which it considers desirable for the attainment of the common objectives and the smooth functioning of the Agreement.

3. The Cooperation Council shall adopt its own rules of procedure.

#### **Article 49.**

1. The Cooperation Council shall be composed of representatives of the Community and its Member States, on the one hand, and of representatives of Yugoslavia, on the other.

2. Members of the Cooperation Council may be represented as laid down in its rules of procedure.

3. The Cooperation Council shall act by mutual agreement between the Community, on the one hand, and Yugoslavia, on the other.

#### **Article 50.**

1. The office of President of the Cooperation Council shall be held alternately by each of the Contracting Parties in accordance with the conditions to be laid down in the rules of procedure.

2. Meetings of the Cooperation Council shall be called once a year by its President.

The Cooperation Council shall hold whatever additional meetings may be necessary, at the request of either Contracting Party, as laid down in its rules of procedure.

#### **Article 51.**

1. The Cooperation Council shall be assisted in the performance of its duties by a Cooperation Committee.

2. It may decide to set up any other committee thar can assist it in carrying out its duties,

3. In its rules of procedure, the Cooperation Council shall determine the composition and duties of such committees and how they shall function.

## **Article 52.**

Where, in the course of the exchanges of information provided for in this Agreement, problems arise or seem likely to arise in the general functioning of the Agreement, particularly in the trade field, consultations shall take place between the Contracting Parties in the Cooperation Council with a view to avoiding market disturbances in so far as possible.

## **Article 53.**

Either Contracting Party shall, if so requested by the other Contracting Party, provide all relevant information on any agreements it concludes containing tariff or trade provisions, and on any amendments to its customs tariff or external trade arrangements.

Where such amendments or agreements have a direct and specific impact on the functioning of the Agreement, appropriate consultations shall be held within the Cooperation Council at the request of the other Contracting Party so that the interests of the Contracting Parties may be taken into consideration.

## **Article 54.**

1. When the Community concludes an association or cooperation agreement having a direct and specific impact on the functioning of the Agreement appropriate consultations shall be held within the Cooperation Council so that the Community may take into consideration the interests of the Contracting Parties as defined by this Agreement.

2. In the event of a third State acceding to the Community, appropriate consultations shall be held within the Cooperation Council so that the interests of the Contracting Parties as defined by this Agreement may be taken into consideration.

## **Article 55.**

1. The Contracting Parties shall take any general or specific measures required to fulfil their obligations under this Agreement. They shall see to it that the objectives of this Agreement are attained.

2. If either Contracting Party considers that the other Contracting Party has failed to fulfil an obligation under this Agreement, it may take appropriate measures. Before so doing, it shall supply the Cooperation Council with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Contracting Parties.

In the selection of measures, priority must be given to those which least disturb the functioning of this Agreement, These measures shall be notified immediately to the Cooperation Council, which shall hold consultations on them if the other Contracting Party so requests.

## **Article 56.**

1. Any dispute which arises between the Contracting Parties concerning the interpretation of this Agreement may be placed before the Cooperation Council.

2. If the Cooperation Council fails to settle the dispute at its next meeting, either Party may notify the other of the appointment of an arbitrator; the other Party must then appoint a second arbitrator within two months. For the purposes of the application of this procedure, the Community and the Member States shall be deemed to be one Party to the dispute.

The Cooperation Council shall appoint a third arbitrator.

The decisions of the arbitrators shall be taken by majority vote.

Each Party to the dispute must take the measures required for the implementation of the arbitrator's decision.

## **Article 57.**

In the fields covered by this Agreement:

- the arrangements applied by Yugoslavia in respect of the Community shall not give rise to any discrimination between the Member States, their nationals, or their companies or firms,

- the arrangements applied by the Community in respect of Yugoslavia shall not give rise to any discrimination between Yugoslav nationals or organizations of associated labour.

### **Article 58.**

1. In the field of trade, the progressive removal of barriers affecting the bulk of trade between the Contracting Parties shall be carried out in stages. The first stage is to last five years running from the date of entry into force of the trade arrangements,

2. One year before the expiry of the arrangements laid down in Title II, the Contracting Parties shall enter into negotiations in accordance with the procedure adopted for the negotiation of this Agreement, in order to determine the trade arrangements to be applied subsequently in the light of the results of this Agreement and the economic situation in Yugoslavia and the Community, account being taken inter alia of Yugoslavia's level of development, with a view to making mutual progress to attain the objective stated in paragraph 1.

### **Article 59.**

Protocols 1, 2 and 3, Annexes A, B and C and the declarations and exchanges of letters which appear in the Final Act shall form an integral part of this Agreement.

### **Article 60.**

This Agreement is concluded for an unlimited period.

Either Contracting Party may denounce this Agreement by notifying the other Contracting Party. This Agreement shall cease to apply six months after the date of such notification.

### **Article 61.**

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of the Socialist Federal Republic of Yugoslavia.

### **Article 62.**

This Agreement is drawn up in duplicate in the Danish, Dutch, English, French, German, Italian and Serbo-Croat languages, each of these texts being equally authentic.

### **Article 63.**

This Agreement will be approved by the Contracting Parties in accordance with their own procedures.

This Agreement shall enter into force on the first day of the second month following notification that the procedures referred to in the first paragraph have been completed.

In witness whereof the undersigned Plenipotentiaries have signed this Agreement.

Done at Belgrade on the second day of April in the year one thousand nine hundred and eighty.

FOR HIS MAJESTY THE KING OF THE BELGIANS,

FOR HER MAJESTY THE QUEEN OF DENMARK,

FOR THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY,

FOR THE PRESIDENT OF THE FRENCH REPUBLIC,

FOR THE PRESIDENT OF IRELAND,

FOR THE PRESIDENT OF THE ITALIAN REPUBLIC,

FOR HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG,

FOR HER MAJESTY THE QUEEN OF THE NETHERLANDS,

FOR HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

FOR THE COUNCIL OF THE EUROPEAN COMMUNITIES,

FOR THE PRESIDENT OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA.