Bucharest, December 20, 2002

FREE TRADE AGREEMENT

BETWEEN

BOSNIA AND HERZEGOVINA

AND

ROMANIA

PREAMBLE

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

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

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

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

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

Resolved to this end to eliminate progressively the obstacles to substantially all their mutual trade, in accordance with the provisions of the General Agreement on Tariffs and Trade 1994 (hereinafter called “GATT 1994”) and the Agreement establishing the World Trade Organisation (hereinafter called “WTO”), having in mind that Bosnia and Herzegovina has the priority to become a member of the WTO;

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

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

Have agreed as follows:

Article 1
Objectives

1.The Parties shall gradually establish a free trade area on substantially all their bilateral trade in a transitional period ending on 1st January 2005, in accordance with the provisions of this Agreement and in conformity with Article XXIV of the GATT 1994 and the WTO Agreement.

2. The objectives of this Agreement are:

a) to promote through the expansion of mutual trade the harmonious development of economic relations between the Parties and thus to foster in the Parties the advance of economic activity, the improvement of living and employment conditions and financial stability;

b) to provide fair conditions of competition for trade between the Parties;

c) to contribute by the removal of barriers to trade, to the harmonious development and expansion of world trade.

d) to enhance co-operation between the Parties.

Chapter I – Industrial products

Article 2
Scope

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

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

Article 3
Basic duties

1. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the Most Favoured Nation rate of duty in force on the date of entry into force of this Agreement.

2. If, after the date of entry into force of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular reductions resulting from the tariff negotiations in the WTO, such reduced duties shall replace the basic duty referred to in paragraph 1 of this Article as from the date when such reductions are applied.

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

3. The reduced duties calculated in accordance with paragraph 1 and 2 of this Article shall be applied rounded to the first decimal place.

4. The Parties shall communicate to each other their respective basic duties.

Article 4
Customs duties on imports, charges having equivalent effect and import duties of a fiscal nature

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

2. The Parties shall grant, on mutual basis, the most favourable import treatment as provided to the suppliers from third countries with which the Parties apply Free Trade Agreements.

3. Customs duties on imports applicable in Romania to industrial products originating in Bosnia and Herzegovina shall be abolished on the date of entry into force of this Agreement.

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

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

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

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

Article 5
Customs duties on exports, charges having equivalent effect and export duties of a fiscal nature

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

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

Article 6
Quantitative restrictions on imports and exports and measures having equivalent effect

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

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

Article 7
Technical barriers to trade

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

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

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

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

Chapter II – Agricultural products

Article 8
Scope

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

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

Article 9
Basic duties

1. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the Most Favoured Nation rate of duty in force on the date of entry into force of this Agreement.

2. If, after the date of entry into force of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular reductions resulting from the tariff negotiations in the WTO, such reduced duties shall replace the basic duty referred to in paragraph 1 of this Article as from the date when such reductions are applied.

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

3. The reduced duties calculated in accordance with paragraph 1 and 2 of this Article shall be applied rounded to the first decimal place.

4. The Parties shall communicate to each other their respective basic duties.

Article 10
Exchange of Concessions

1. The Parties shall grant each other the concessions specified in Annex III of the Agreement, in accordance with the provisions of this Chapter and those laid down in that Annex.

2. Taking into account:

   - the role of agriculture in their economies,
   - the development of trade in agricultural products between the Parties,
   - the particular sensitivity of the agricultural products,
   - the rules of their agricultural policies,
   - the results of the multilateral trade negotiations under WTO,

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

Article 11
Customs duties on exports, charges having equivalent effect and export duties of a fiscal nature

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

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

Article 12
Quantitative restrictions on imports and exports and measures having equivalent effect

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

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

Article 13
Agricultural policy

1. Without prejudice to the concessions granted under Article 10 of this Agreement, the provisions of this Chapter shall not restrict in any way the pursuance of the respective agricultural policies of the Parties or the taking of any measures under such policies, including the implementation of the provisions of the WTO Agreement on Agriculture.

2. The Parties shall notify each other the changes in their respective agricultural policies pursued or measures applied which may affect the conditions of trade in agricultural products between them. Upon request of a Party, prompt consultations shall be held to examine the situation.

Article 14
Specific safeguards

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

Article 15
Sanitary and phytosanitary measures

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

Article 16
Technical barriers to trade

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

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

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

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

Chapter III – General provisions

Article 17
Rules of origin and co-operation in customs administration

1. The Parties agree to apply the harmonized European preferential rules of origin, based on bilateral cumulation, in the mutual trade including all existing and further amendments thereto. In the case of amendments of the European rules of origin, the Joint Committee shall make a decision on amending them, accordingly.

2. Protocol 1 to this Agreement (hereinafter "Protocol 1") lays down the rules of origin and related methods of administrative co-operation.

3. The Parties shall take appropriate measures, including regular reviews by the Joint Committee and arrangements for administrative co-operation, to ensure that the provisions of Protocol 1 and Articles 3 to 8, 9 to 13, 18, 28 and 30 of this Agreement are effectively and harmoniously applied, and to reduce, as far as possible, the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.

Article 18
Internal taxation

1. The Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products originating in the Parties.

2. Exporters from the Parties may not benefit from repayment of internal taxation in excess of the amount of indirect taxation imposed on products exported to the territory of one of the Parties.

Article 19
General exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures of artistic, historic or archaeological value; the protection of intellectual property; the rules relating to gold and silver, or the protection of environment or the conservation of exhaustible natural resources, if such measures are made effective in conjunction with restrictions on domestic production or consumption. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 20
Security exceptions

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

a) to prevent the disclosure of information contrary to its essential security interests;

b) for the protection of its essential security interests or for the implementation of international obligations or national policies:

   i) relating to the traffic in arms, ammunition and implements of war, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes, and to such traffic in other goods, materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment; or

   ii) relating to the non proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or

   iii) taken in time of war or other serious international tension.

Article 21
State monopolies

1. The Parties shall adjust progressively any State monopoly of a commercial character so as to ensure that by the end of the transitional period laid down in Article 1 of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Parties. The Parties shall inform each other about the measures adopted to implement this objective.

2. The provisions of this Article shall apply to any body through which the competent authorities of the Parties, in law or in fact, either directly or indirectly supervise, determine or appreciably influence imports or exports between the Parties. These provisions shall likewise apply to monopolies delegated by the State to other bodies.

Article 22
Payments

1. Payments in freely convertible currencies relating to trade in goods between the Parties and the transfer of such payments to the territory of the Party where the creditor resides shall be free from any restrictions.

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

3. Notwithstanding the provisions of paragraph 2 of this Article, any measures concerning current payments connected with the movement of goods shall be in conformity with the conditions laid down under Article VIII of the Agreement of the International Monetary Fund.

Article 23
Rules of competition concerning undertakings

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

   a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;

   b) abuse by one or more undertakings of a dominant position in the territories of the Parties as a whole or in a substantial part thereof.

2. The provisions of paragraph 1 of this Article shall apply to the activities of all undertakings including public undertakings and undertakings to which the Parties grant special or exclusive rights. Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly, shall be subject to provisions of paragraph 1 of this Article insofar as the application of these provisions does not obstruct the performance, in law or in fact, of the particular public tasks assigned to them.

3. With regard to agricultural products the provisions of paragraph 1 a) of this Article shall not apply to such agreements, decisions and practices which form an integral part of a national market organisation.

4. If a Party considers that a given practice is incompatible with paragraphs 1 and 2 of this Article and if such practice causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry, it may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 32 of this Agreement.

Article 24
State aid

1. Any aid granted by a Party or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, insofar as it may affect trade between the Parties, be incompatible with the proper functioning of this Agreement.

2. For agricultural products the provisions of paragraph 1 of this Article shall comply with the relevant WTO Agreements.

3. The Joint Committee shall, within three years from the entry into force of this Agreement, adopt the criteria on the basis of which the practices derogating from paragraph 1 of this Article shall be assessed, as well as the rules for their implementation.

4. The Parties shall ensure transparency in the area of state aid, *inter alia* by reporting annually to the Joint Committee on the total amount and the distribution of the aid given and by providing to the other Party, upon request, information on aid schemes and on particular individual cases of state aid.

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

   - is incompatible with the terms of paragraph 1 of this Article, and is not adequately dealt with under the implementing rules referred to in paragraph 3 of this Article, and

   - in the absence of rules, referred to in paragraph 3 of this Article, causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry or agriculture.,

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

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

Article 25
Public procurement

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

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

3. The Joint Committee shall examine developments related to the achievement of the objectives of this Article and may recommend practical modalities of implementing the provisions of paragraph 2 of this Article so as to ensure free access, transparency and mutual opening of their respective public procurement markets.

Article 26
Protection of intellectual property

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

2. For the purpose of this Agreement the term "intellectual property protection" includes, in particular, protection of copyright and related rights including computer programs and data bases, trade marks for goods and services, geographical indications, patents, industrial designs, new varieties of plants, topographies of integrated circuits, as well as undisclosed information on know-how.

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

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

Article 27
Dumping

If a Party finds that dumping within the meaning of Article VI of the GATT 1994 is taking place in trade relations governed by this Agreement, it may take appropriate measures against that practice in accordance with the WTO Agreement on Implementation of Article VI of the GATT 1994 under the conditions and in accordance with the procedure laid down in Article 32 of this Agreement.

Article 28
General safeguards

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

a) serious injury to domestic producers of like or directly competitive products in the territory of the importing Party, or

b) serious disturbances in any related sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region,

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

Article 29
Structural adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 4 of this Agreement, may be taken for industrial products by any of the Parties in the form of increased customs duties.

2. These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.

3. Customs duties on imports applicable in the Party concerned to products originating in the other Party introduced in accordance with paragraphs 1 and 2 of this Article may not exceed 25 % ad valorem and shall maintain an element of preference in customs duties for products originating in the other Party. The total value of imports of the products which are subject to these measures may not exceed 15 % of total imports of industrial products from the other Party as defined in Chapter I of this Agreement, during the last year for which statistics are available.

4. These measures shall be applied for a period not exceeding the transitional period determined in paragraph 1 of Article 1 of this Agreement.

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

6. The Party concerned shall inform the other Party of any exceptional measures it intends to take and, at the request of the other Party, consultations shall be held immediately within the Joint Committee on such measures and the sectors to which they apply prior to their introduction. When taking such measures the Party concerned shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction, at equal annual rates. The Joint Committee may decide on a different schedule.

Article 30
Re-export and serious shortage

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

a) re-export towards a third country against which the exporting Party maintains for the product concerned quantitative export restrictions, export duties or measures or charges having equivalent effect; or
b) a serious shortage, or threat thereof, of a product essential to the exporting Party;

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

Article 31
Fulfilment of obligations

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

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

Article 32
Procedure for the application of safeguard measures

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

2. In the event of a Party subjecting imports of products liable to give rise to the situation referred to in Article 28 of this Agreement to an administrative procedure having as its purpose the rapid provision of information on the trade flows, it shall inform the other Party.

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

4. a) With regard to Articles 27, 28 and 30 of this Agreement, the Joint Committee shall examine the case or the situation and may take any decision needed to put an end to the difficulties notified by the Party concerned. In the case of the absence of such decision within thirty days of the matter being referred to the Joint Committee, the Party concerned may adopt the measures necessary in order to remedy the situation.

   b) As regards Article 31 of this Agreement, the Party concerned may take appropriate measures after the consultations have been concluded or a period of three months has elapsed from the date of the notification to the other Party.

   c) With regard to Articles 23 and 24 of this Agreement, the Party concerned shall give the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the Party in question fails to put an end to the practice objected to within the period fixed by the Joint Committee, or if the Joint Committee fails to reach an agreement within thirty working days of the matter being referred to it, the Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.

5. The safeguard measures taken shall be immediately notified to the other Party. They shall be limited with regard to their extent and to their duration to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be

in excess of the injury caused by the practice or the difficulty in question. Priority shall be given to such measures which will least disturb the functioning of this Agreement.

6. The safeguard measures taken shall be the subject of periodic consultations within the Joint Committee with a view to their relaxation as soon as possible, or abolition when conditions no longer justify their maintenance.

7. Where exceptional circumstances requiring immediate action make prior examination impossible, the Party concerned may, in the cases of Articles 27, 28 and 30 of this Agreement, apply forthwith the provisional measures strictly necessary to remedy the situation. The measures taken shall be notified without delay and consultations between the Parties shall take place as soon as possible within the Joint Committee.

Article 33
Balance of payments difficulties

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

2. Where one of the Parties is in serious balance of payments difficulties, or under imminent threat thereof, the Party concerned may, in accordance with the conditions established under the GATT 1994 and the WTO, adopt restrictive measures, including measures related to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The measures shall be progressively relaxed as balance of payments conditions improve and they shall be eliminated when conditions no longer justify their maintenance. The Party concerned shall inform the other Party forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

Article 34
Services and investments

1. The Parties recognise the growing importance of certain areas, such as services and investments. In their efforts to gradually develop and broaden their co-operation, in particular in the context of the European integration, they will co-operate with the aim of achieving a progressive liberalisation and mutual opening of their markets for investments and trade in services, taking into account relevant provisions of the General Agreement on Trade in Services (GATS).

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

Article 35
Evolutionary clause

Where a Party considers that it would be useful in the interests of the economies of the Parties to develop and deepen the relations established by this Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the other Party. The Joint Committee may examine such request and, where appropriate, may make recommendations, particularly with a view to opening negotiations.

Article 36
Joint Committee

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

2. The implementation of this Agreement shall be supervised and administered by the Joint Committee.

3. For the purpose of the proper implementation of this Agreement, the Parties shall exchange information and, upon request of a Party, shall hold consultations within the Joint Committee. The Joint Committee shall keep under review the possibility of further removal of the obstacles to trade between the Parties.

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

Article 37
Procedures of the Joint Committee

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

2. The Joint Committee shall act by consensus.

3. If the representative of a Party in the Joint Committee has accepted a decision subject to the fulfilment of internal legal requirements, the decision shall enter into force, if no later date is contained therein, on the date of the receipt of a written notification as to the fulfilment of such requirements.

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

Article 38
Customs unions, free trade areas and frontier trade

1. This Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade to the extent that these do not negatively affect the trade regime of the Parties and in particular the provisions concerning rules of origin provided for by this Agreement.

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

Article 39
Territorial application

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

Article 40
Annexes and protocols

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

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

Article 41
Amendments

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

Article 42
Entry into force

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

Article 43
Validity and termination

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

2. Each Party may denounce it through diplomatic channels by a written notification to the other Party. In such case the Agreement shall be terminated on the first day of the seventh month after the date on which the other Party received the notification.

3. The Parties agreed, that in case of accession of one of the Parties to the European Union, the Agreement will be terminated without any compensations for the other Party, on the day before the date of the accession to the EU. In that case, the Party acceding to the EU shall inform the other Party of such accession within a reasonable period of time.

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

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

For Bosnia and Herzegovina **For Romania**

ANNEX I

(Referred to in Article 2 and 8 of the Agreement)

HS code	Brief product description
2905 43	Mannitol
2905 44	D - glucitol (sorbitol)
3301	Essential oils, resinoids
3501 to 3505	Casein, caseinates, casein glues, albumins, albuminates, gelatin , glues of fish, other glues of animal origin, peptones and their derivatives, hide powder, dextrins and other modified starches, glues based on starches or on dextrins
3809 10	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations
3824 60	Sorbitol other than that of subheading 2905 44
4101 to 4103	Raw hides and skins of bovine (including buffalo) or equine animals, sheeps or lambs; other raw hides and skins
4301	Raw furskins
5001 to 5003	Silkworm cocoons suitable for reeling, raw silk and silk waste
5101 to 5103	Wool, fine or coarse animal hair, waste of wool or of fine or coarse animal hairs
5201 to 5203	Cotton and cotton waste
5301	Flax, raw or processed but not spun; flax and waste (including yarn waste and garnetted stock)
5302	True hemp (*Cannabis sativa L.*), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock)

ANNEX III
(referred to the Article 10 of the Agreement)+B25

Customs duties on imports applicable in Romania to products originating in Bosnia and Herzegovina
and customs duties on imports applicable in Bosnia and Herzegovina to products originating in Romania, listed in this annex, shall be abolished from the date of the entry into force of this Agreement

CN Codes	Short description of Romanian tariff lines with "*ex*"
0101.10.10	
0102.10	
0102.90.05	
0102.90.21	
0102.90.29	
0102.90.41	
0102.90.49	
0103.10.00	
01.04	
01.06	
0203.11.90	
0203.12.90	
0203.19.90	
0203.21.90	
0203.22.90	
0203.29.90	
0206.10.10	
ex 0206.22.00	Bovine livers for the manufacture of pharmaceutical products - frozen
0206.29.10	
ex 0206.30.20	Domestic swine livers, fresh or chilled for the manufacture of pharmaceutical products
ex 0206.30.30	Other offals of swine, fresh or frozen for the manufacture of pharmaceutical products
ex 0206.30.80	Offals of Other swine than domestic, fresh or frozen for the manufacture of pharmaceutical products
ex 0206.41.20	Frozen swine livers for the manufacture of pharmaceutical products
ex 0206.41.80	Frozen livers of other swine than domestic for the manufacture of pharmaceutical products
ex 0206.49.20	Other swine offals, frozen for the manufacture of pharmaceutical products
ex 0206.49.80	Other frozenoffals of other swine than domestic for the manufacture of pharmaceutical products
0206.80.10	
0206.90.10	
02.08	
0408.11.20	
0408.19.20	

0408.91.20
0408.99.20
0410.00.00
0501.00.00
0502.10.00
0502.90.00
0503.00.00
0504.00.00
05.05
05.06
05.07
0508.00.00
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ANNEX IV

(referred to in paragraph 1 of the Article 26)

PROTECTION OF INTELECTUAL PROPERTY

1. Convention Establishing the World Intellectual Property Organization (1967, as amended in 1979);

2. Bern Convention for the Protection for Literary and Artistic Works, Paris Act of 24 July 1971;

3. International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Rome Convention, 1961);

4. Convention for the Protection of Producers of Phonograms against Unauthorised Duplication of their Phonograms (Geneva Convention, 29 October 1971);

5. Paris Convention for the Protection of Industrial Property of 20 March 1883 (as revised in 1900, 1911, 1925, 1934, 1958, 1967, and as amended in 1979);

6. Madrid Agreement Concerning the International Registration of Marks of 14 April 1891 (as revised in 1900, 1911, 1925, 1934, 1957 and 1967);

7. Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957 (as revised in 1967 and 1977, and as amended in 1979);

8. Locarno Agreement Establishing an International Classification for Industrial Designs of 8 October 1968 (as amended in 1979)

9. Patent Cooperation Treaty (PCT) of 19 June 1970.

PROTOCOL 1
concerning the definition of the concept of "originating products" and methods of administrative co-operation
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TITLE I
GENERAL PROVISIONS

Article 1
Definitions

For the purposes of this Protocol:

(a) "manufacture" means any kind of working or processing including assembly or specific operations;

(b) "material" means any ingredient, raw material, component or part, etc., used in the manufacture of the product;

(c) "product" means the product being manufactured, even if it is intended for later use in another manufacturing operation;

(d) "goods" means both materials and products;

(e) "customs value" means the value as determined in accordance with the 1994 Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade (WTO Agreement on customs valuation);

(f) "ex-works price" means the price paid for the product ex works to the manufacturer in the Party in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used, minus any internal taxes which are, or may be, repaid when the product obtained is exported;

(g) "value of materials" means the customs value at the time of importation of the non-originating materials used, or, if this is not known and cannot be ascertained, the first ascertainable price paid for the materials in the Party;

(h) "value of originating materials" means the value of such materials as defined in (g) applied *mutatis mutandis*;

(i) "added value" shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other Party or, where the customs value is not known or cannot be ascertained, the first ascertainable price paid for the materials in a Party.

(j) "chapters" and "headings" mean the chapters and the headings (four-digit codes) used in the nomenclature which makes up the Harmonized Commodity Description and Coding System, referred to in this Protocol as "the Harmonized System" or "HS";

(k) "classified" refers to the classification of a product or material under a particular heading;

(l) "consignment" means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;

(m) "territories" includes territorial waters;

(n) "euro" means the single currency of the European Monetary Union.

TITLE II
DEFINITION OF THE CONCEPT OF "ORIGINATING PRODUCTS"

Article 2
General requirements

For the purpose of implementing this Agreement, the following products shall be considered as originating in a Party:

(a) products wholly obtained in that Party within the meaning of Article 5 of this Protocol;

(b) products obtained in that Party incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in that Party within the meaning of Article 6 of this Protocol.

Article 3
Bilateral cumulation of origin in Bosnia and Herzegovina

Materials originating in Romania shall be considered as materials originating in Bosnia and Herzegovina when incorporated into a product obtained there. It shall not be necessary that such materials have undergone sufficient working or processing, provided that they have undergone working or processing going beyond that referred to in Article 7 (1).

Article 4
Bilateral cumulation of origin in Romania

Materials originating in Bosnia and Herzegovina shall be considered as materials originating in Romania when incorporated into a product obtained there. It shall not be necessary that such materials have undergone sufficient working or processing, provided that they have undergone working or processing going beyond that referred to in Article 7(1).

Article 5
Wholly obtained products

1. The following shall be considered as wholly obtained in a Party:

   (a) mineral products extracted from their soil or from their seabed;

   (b) vegetable products harvested there;

   (c) live animals born and raised there;

   (d) products from live animals raised there;

   (e) products obtained by hunting or fishing conducted there;

   (f) products of sea fishing and other products taken from the sea outside the territorial waters of the Parties by their vessels;

   (g) products made aboard their factory ships exclusively from products referred to in (f);

(h) used articles collected there fit only for the recovery of raw materials, including used tyres fit only for retreading or for use as waste;

(i) waste and scrap resulting from manufacturing operations conducted there;

(j) products extracted from marine soil or subsoil outside their territorial waters provided that they have sole rights to work that soil or subsoil;

(k) goods produced there exclusively from the products specified in (a) to (j).

2. The terms "their vessels" and "their factory ships" in paragraph 1(f) and (g) shall apply only to vessels and factory ships:

(a) which are registered or recorded in a Party;

(b) which sail under the flag of that Party;

(c) which are owned to an extent of at least 50 per cent by nationals of the Parties, or by a company with its head office in one of these States, of which the manager or managers, Chairman of the Board of Directors or the Supervisory Board, and the majority of the members of such boards are nationals of the Parties and of which, in addition, in the case of partnerships or limited companies, at least half the capital belongs to those States or to public bodies or nationals of the said States;

(d) of which the master and officers are nationals of that Party; and

(e) of which at least 75 per cent of the crew are nationals of that Party.

Article 6
Sufficiently worked or processed products

1. For the purposes of Article 2, products which are not wholly obtained are considered to be sufficiently worked or processed when the conditions set out in the list in Annex II of this Protocol are fulfilled.
The conditions referred to above indicate, for all products covered by this Agreement, the working or processing which must be carried out on non-originating materials used in manufacturing and apply only in relation to such materials. Accordingly, it follows that if a product, which has acquired originating status by fulfilling the conditions set out in the list is used in the manufacture of another product, the conditions applicable to the product in which it is incorporated do not apply to it, and no account shall be taken of the non-originating materials which may have been used in its manufacture.

2. Notwithstanding paragraph 1, non-originating materials which, according to the conditions set out in the list, should not be used in the manufacture of a product may nevertheless be used, provided that:

(a) their total value does not exceed 10 per cent of the ex-works price of the product;

(b) any of the percentages given in the list for the maximum value of non-originating materials are not exceeded through the application of this paragraph.

This paragraph shall not apply to products falling within chapters 50 to 63 of the Harmonized System.

3. Paragraphs 1 and 2 shall apply except as provided in Article 7.

Article 7
Insufficient working or processing

1. Without prejudice to paragraph 2, the following operations shall be considered as insufficient working or processing to confer the status of originating products, whether or not the requirements of Article 6 are satisfied:

   (a) preserving operations to ensure that the products remain in good condition during transport and storage;

   (b) breaking-up and assembly of packages;

   (c) washing, cleaning; removal of dust, oxide, oil, paint or other coverings;

   (d) ironing or pressing of textiles;

   (e) simple painting and polishing operations;

   (f) husking, partial or total bleaching, polishing, and glazing of cereals and rice;

   (g) operations to colour sugar or form sugar lumps;

   (h) peeling, stoning and shelling, of fruits, nuts and vegetables;

   (i) sharpening, simple grinding or simple cutting;

   (j) sifting, screening, sorting, classifying, grading, matching; (including the making-up of sets of articles);

   (k) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;

   (l) affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;

   (m) simple mixing of products, whether or not of different kinds;

   (n) simple assembly of parts of articles to constitute a complete article or disassembly of products into parts;

   (o) a combination of two or more operations specified in (a) to (n);

   (p) slaughter of animals.

2. All operations carried out in a Party on a given product shall be considered together when determining whether the working or processing undergone by that product is to be regarded as insufficient within the meaning of paragraph 1.

Article 8
Unit of qualification

1. The unit of qualification for the application of the provisions of this Protocol shall be the particular product which is considered as the basic unit when determining classification using the nomenclature of the Harmonized System.

It follows that:

(a) when a product composed of a group or assembly of articles is classified under the terms of the Harmonized System in a single heading, the whole constitutes the unit of qualification;

(b) when a consignment consists of a number of identical products classified under the same heading of the Harmonized System, each product must be taken individually when applying the provisions of this Protocol.

2. Where, under General Rule 5 of the Harmonized System, packaging is included with the product for classification purposes, it shall be included for the purposes of determining origin.

Article 9
Accessories, spare parts and tools

Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle, which are part of the normal equipment and included in the price thereof or which are not separately invoiced, are regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

Article 10
Sets

Sets, as defined in General Rule 3 of the Harmonized System, shall be regarded as originating when all component products are originating. Nevertheless, when a set is composed of originating and non-originating products, the set as a whole shall be regarded as originating, provided that the value of the non-originating products does not exceed 15 per cent of the ex-works price of the set.

Article 11
Neutral elements

In order to determine whether a product originates, it shall not be necessary to determine the origin of the following which might be used in its manufacture:

(a) energy and fuel;

(b) plant and equipment;

(c) machines and tools;

(d) goods which do not enter and which are not intended to enter into the final composition of the product.

TITLE III
TERRITORIAL REQUIREMENTS

Article 12
Principle of territoriality

1. Except as provided for in Article 3, Article 4 and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must continue to be fulfilled without interruption in Bosnia and Herzegovina or in Romania.

2. Except as provided for in Article 3 and Article 4, where originating goods exported from Bosnia and Herzegovina or from Romania to another country return, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

   (a) the returning goods are the same as those exported; and

   (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.

3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside Bosnia and Herzegovina or Romania on materials exported from Bosnia and Herzegovina or from Romania and subsequently reimported there, provided:

   (a) the said materials are wholly obtained in Bosnia and Herzegovina or in Romania or have undergone working or processing beyond the operations referred to in Article 7 prior to being exported; and

   (b) it can be demonstrated to the satisfaction of the customs authorities that:

      (i) the reimported goods have been obtained by working or processing the exported materials; and

      (ii) the total added value acquired outside Bosnia and Herzegovina or Romania by applying the provisions of this Article does not exceed 10 per cent of the ex-works price of the end product for which originating status is claimed.

4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside Bosnia and Herzegovina or Romania. But where, in the list in Annex II, a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the Party concerned, taken together with the total added value acquired outside Bosnia and Herzegovina or Romania by applying the provisions of this Article, shall not exceed the stated percentage.

5. For the purposes of applying the provisions of paragraphs 3 and 4, “total added value” shall be taken to mean all costs arising outside Bosnia and Herzegovina or Romania, including the value of the materials incorporated there.

6. The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general tolerance fixed in Article 6 (2) is applied.

7. The provisions of paragraphs 3 and 4 shall not apply to products of Chapters 50 to 63 of the Harmonised System.

8. Any working or processing of the kind covered by the provisions of this Article and done outside Bosnia and Herzegovina or Romania shall be done under the outward processing arrangements, or similar arrangements.

Article 13
Direct transport

1. The preferential treatment provided for under the Agreement applies only to products, satisfying the requirements of this Protocol, which are transported directly between the Parties. However, products constituting one single consignment may be transported through other territories with, should the occasion arise, trans-shipment or temporary warehousing in such territories, provided that they remain under the surveillance of the customs authorities in the country of transit or warehousing and do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition.
Originating products may be transported by pipeline across territory other than that of the Parties.

2. Evidence that the conditions set out in paragraph 1 have been fulfilled shall be supplied to the customs authorities of the importing country by the production of:

   (a) a single transport document covering the passage from the exporting country through the country of transit; or

   (b) a certificate issued by the customs authorities of the country of transit:

      (i) giving an exact description of the products;

      (ii) stating the dates of unloading and reloading of the products and, where applicable, the names of the ships, or the other means of transport used; and

      (iii) certifying the conditions under which the products remained in the transit country; or

   (c) failing these, any substantiating documents.

Article 14
Exhibitions

1. Originating products, sent for exhibition outside the Parties and sold after the exhibition for importation in a Party shall benefit on importation from the provisions of the Agreement provided it is shown to the satisfaction of the customs authorities that:

   (a) an exporter has consigned these products from a Party to the country in which the exhibition is held and has exhibited them there;

   (b) the products have been sold or otherwise disposed of by that exporter to a person in a Party;

   (c) the products have been consigned during the exhibition or immediately thereafter in the state in which they were sent for exhibition; and

   (d) the products have not, since they were consigned for exhibition, been used for any purpose other than demonstration at the exhibition.

2. A proof of origin must be issued or made out in accordance with the provisions of Title V and submitted to the customs authorities of the importing country in the normal manner. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of the conditions under which they have been exhibited may be required.

3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organized for private purposes in shops or business premises with a view to the sale of foreign products, and during which the products remain under customs control.

TITLE IV
DRAWBACK OR EXEMPTION

Article 15
Prohibition of drawback of, or exemption from, customs duties

1. Non-originating materials used in the manufacture of products originating in Bosnia and Herzegovina or in Romania for which a proof of origin is issued or made out in accordance with the provisions of Title V shall not be subject in Bosnia and Herzegovina or in Romania to drawback of, or exemption from, customs duties of whatever kind.

2. The prohibition in paragraph 1 shall apply to any arrangement for refund, remission or non-payment, partial or complete, of customs duties or charges having an equivalent effect, applicable in Bosnia and Herzegovina or in Romania to materials used in the manufacture, where such refund, remission or non-payment applies, expressly or in effect, when products obtained from the said materials are exported and not when they are retained for home use there.

3. The exporter of products covered by a proof of origin shall be prepared to submit at any time, upon request from the customs authorities, all appropriate documents proving that no drawback has been obtained in respect of the non-originating materials used in the manufacture of the products concerned and that all customs duties or charges having equivalent effect applicable to such materials have actually been paid.

4. The provisions of paragraphs 1 to 3 shall also apply in respect of packaging within the meaning of Article 8 (2), accessories, spare parts and tools within the meaning of Article 9 and products in a set within the meaning of Article 10 when such items are non-originating.

5. The provisions of paragraphs 1 to 4 shall apply only in respect of materials which are of the kind to which the Agreement applies. Furthermore, they shall not preclude the application of an export refund system for agricultural products, applicable upon export in accordance with the provisions of the Agreement.

6. Notwithstanding paragraph 1, Bosnia and Herzegovina and Romania may apply arrangements for drawback of, or exemption from, customs duties or charges having an equivalent effect, applicable to materials used in the manufacture of originating products, subject to the following provisions:

   (a) a 5 per cent rate of customs charge shall be retained in respect of products falling within Chapters 25 to 49 and 64 to 97 of the Harmonized System, or such lower rate as is in force in the Party concerned;

   (b) a 10 per cent rate of customs charge shall be retained in respect of products falling within Chapters 50 to 63 of the Harmonized System, or such lower rate as is in force in the Party concerned.

7. The provisions of this Article shall apply from 1 January 2005. The provisions of the paragraph 6 shall apply until 31 December 2005 and may be reviewed by common accord.

TITLE V
PROOF OF ORIGIN

Article 16
General requirements

1. Products originating in a Party shall, on importation into the other Party benefit from this Agreement upon submission of either:

   (a) a movement certificate EUR.1, a specimen of which appears in Annex III; or

   (b) in the cases specified in Article 21(1), a declaration, subsequently referred to as the "invoice declaration", given by the exporter on an invoice, a delivery note or any other commercial document which describes the products concerned in sufficient detail to enable them to be identified; the text of the invoice declaration appears in Annex IV.

2. Notwithstanding paragraph 1, originating products within the meaning of this Protocol shall, in the cases specified in Article 26, benefit from this Agreement without it being necessary to submit any of the documents referred to above.

Article 17
Procedure for the issue of a movement certificate EUR.1

1. A movement certificate EUR.1 shall be issued by the customs authorities of the exporting country on application having been made in writing by the exporter or, under the exporter's responsibility, by his authorized representative.

2. For this purpose, the exporter or his authorized representative shall fill out both the movement certificate EUR.1 and the application form, specimens of which appear in Annex III. These forms shall be completed in one of the official languages of the Parties or in English language and in accordance with the provisions of the domestic law of the exporting country. If they are handwritten, they shall be completed in ink in printed characters. The description of the products must be given in the box reserved for this purpose without leaving any blank lines. Where the box is not completely filled, a horizontal line must be drawn below the last line of the description, the empty space being crossed through.

3. The exporter applying for the issue of a movement certificate EUR.1 shall be prepared to submit at any time, at the request of the customs authorities of the exporting country where the movement certificate EUR.1 is issued, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Protocol.

4. A movement certificate EUR.1 shall be issued by the customs authorities of a Party if the products concerned can be considered as products originating in one of the Parties and fulfil the other requirements of this Protocol.

5. The customs authorities issuing the movement certificate EUR.1 shall take any steps necessary to verify the originating status of the products and the fulfilment of the other requirements of this Protocol. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate. They shall also ensure that the forms referred to in paragraph 2 are duly completed. In particular, they shall check whether the space reserved for the description of the products has been completed in such a manner as to exclude all possibility of fraudulent additions.

6. The date of issue of the movement certificate EUR.1 shall be indicated in Box 11 of the certificate.

7. A movement certificate EUR.1 shall be issued by the customs authorities and made available to the exporter as soon as actual exportation has been effected or ensured.

Article 18
Movement certificates EUR.1 issued retrospectively

1. Notwithstanding Article 17(7), a movement certificate EUR.1 may exceptionally be issued after exportation of the products to which it relates if:

   (a) it was not issued at the time of exportation because of errors or involuntary omissions or special circumstances; or

   (b) it is demonstrated to the satisfaction of the customs authorities that a movement certificate EUR.1 was issued but was not accepted at importation for technical reasons.

2. For the implementation of paragraph 1, the exporter must indicate in this application the place and date of exportation of the products to which the movement certificate EUR.1 relates, and state the reasons for his request.

3. The customs authorities may issue a movement certificate EUR.1 retrospectively only after verifying that the information supplied in the exporter's application agrees with that in the corresponding file.

4. Movement certificates EUR.1 issued retrospectively must be endorsed with one of the following phrases:

   BIH “IZDANO NAKNADNO”,
   BIH “НАКНАДНО ИЗДАТО”,
   RO “EMIS A POSTERIORI”
   EN “ISSUED RETROSPECTIVELY”,

5. The endorsement referred to in paragraph 4 shall be inserted in the “Remarks” box of the movement certificate EUR.1.

Article 19
Issue of a duplicate movement certificate EUR.1

1. In the event of theft, loss or destruction of a movement certificate EUR.1, the exporter may apply to the customs authorities which issued it for a duplicate made out on the basis of the export documents in their possession.

2. The duplicate issued in this way must be endorsed with one of the following words:

   BIH “DUPLIKAT”,
   BIH “ДУПЛИКАТ”,
   RO “DUPLICAT”,
   EN “DUPLICATE”.

3. The endorsement referred to in paragraph 2 shall be inserted in the "Remarks" box of the duplicate movement certificate EUR.1.

4. The duplicate, which must bear the date of issue of the original movement certificate EUR.1, shall take effect as from that date.

Article 20
Issue of movement certificates EUR.1 on the basis of a proof of origin issued or made out previously

When originating products are placed under the control of a customs office in a Party, it shall be possible to replace the original proof of origin by one or more movement certificates EUR.1 for the purpose of sending all or some of these products elsewhere within a Party. The replacement movement certificate(s) EUR.1 shall be issued by the customs office under whose control the products are placed.

Article 20a
Accounting segregation

1. Where considerable cost or material difficulties arise in keeping separate stocks of originating and non-originating materials which are identical and interchangeable, the customs authorities may, at the written request of those concerned, authorise the so-called "accounting segregation" method to be used for managing such stocks.

2. This method must be able to ensure that, for a specific reference-period, the number of products obtained which could be considered as “originating” is the same as that which would have been obtained if there had been physical segregation of the stocks.

3. The customs authorities may grant such authorisation, subject to any conditions deemed appropriate.

4. This method is recorded and applied on the basis of the general accounting principles applicable in the country where the product was manufactured.

5. The beneficiary of this facilitation may issue or apply for proofs of origin, as the case may be, for the quantity of products which may be considered as originating. At the request of the customs authorities, the beneficiary shall provide a statement of how the quantities have been managed.

6. The customs authorities shall monitor the use made of the authorization and may withdraw it at any time whenever the beneficiary makes improper use of the authorization in any manner whatsoever or fails to fulfil any of the other conditions laid down in this Protocol.

Article 21
Conditions for making out an invoice declaration

1. An invoice declaration as referred to in Article 16(1)(b) may be made out:

   (a) by an approved exporter within the meaning of Article 22, or

   (b) by any exporter for any consignment consisting of one or more packages containing originating products whose total value does not exceed EUR 6,000.

2. An invoice declaration may be made out if the products concerned can be considered as products originating in the Parties and fulfil the other requirements of this Protocol.

3. The exporter making out an invoice declaration shall be prepared to submit at any time, at the request of the customs authorities of the exporting country, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Protocol.

4. An invoice declaration shall be made out by the exporter by typing, stamping or printing on the invoice, the delivery note or another commercial document, the declaration, the text of which appears in Annex IV, using one of the linguistic versions set out in that Annex and in accordance with the provisions of the domestic law of the exporting country. If the declaration is handwritten, it shall be written in ink in printed characters.

5. Invoice declarations shall bear the original signature of the exporter in manuscript. However, an approved exporter within the meaning of Article 22 shall not be required to sign such declarations provided that he gives the customs authorities of the exporting country a written undertaking that he accepts full responsibility for any invoice declaration which identifies him as if it had been signed in manuscript by him.

6. An invoice declaration may be made out by the exporter when the products to which it relates are exported, or after exportation on condition that it is presented in the importing country no longer than two years after the importation of the products to which it relates.

Article 22
Approved exporter

1. The customs authorities of the exporting country may authorize any exporter hereinafter referred to as "approved exporter" who makes frequent shipments of products under this Agreement to make out invoice declarations irrespective of the value of the products concerned. An exporter seeking such authorisation must offer to the satisfaction of the customs authorities all guarantees necessary to verify the originating status of the products as well as the fulfilment of the other requirements of this Protocol.

2. The customs authorities may grant the status of approved exporter subject to any conditions which they consider appropriate.

3. The customs authorities shall grant to the approved exporter a customs authorisation number which shall appear on the invoice declaration.

4. The customs authorities shall monitor the use of the authorization by the approved exporter.

5. The customs authorities may withdraw the authorization at any time. They shall do so where the approved exporter no longer offers the guarantees referred to in paragraph 1, no longer fulfils the conditions referred to in paragraph 2 or otherwise makes an incorrect use of the authorization.

6. The customs authorities competent for the implementation of the verification of proof of origin within the meaning of Article 32 of this Protocol may inform each other on the changes in granting authorizations to the approved exporters and may also mutually exchange the updated lists.

Article 23
Validity of proof of origin

1. A proof of origin shall be valid for four months from the date of issue in the exporting country, and must be submitted within the said period to the customs authorities of the importing country.

2. Proofs of origin which are submitted to the customs authorities of the importing country after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying preferential treatment, where the failure to submit these documents by the final date set is due to exceptional circumstances.

3. In other cases of belated presentation, the customs authorities of the importing country may accept the proofs of origin where the products have been submitted before the said final date.

Article 24
Submission of proof of origin

Proofs of origin shall be submitted to the customs authorities of the importing country in accordance with the procedures applicable in that country. The said authorities may require a translation of a proof of origin and may also require the import declaration to be accompanied by a statement from the importer to the effect that the products meet the conditions required for the implementation of this Agreement.

Article 25
Importation by instalments

Where, at the request of the importer and on the conditions laid down by the customs authorities of the importing country, dismantled or non-assembled products within the meaning of General Rule 2(a) of the Harmonized System falling within Sections XVI and XVII or headings 7308 and 9406 of the Harmonized System are imported by instalments, a single proof of origin for such products shall be submitted to the customs authorities upon importation of the first instalment.

Article 26
Exemptions from proof of origin

1. Products sent as small packages from private persons to private persons or forming part of travellers' personal luggage shall be admitted as originating products without requiring the submission of a proof of origin, provided that such products are not imported by way of trade and have been declared as meeting the requirements of this Protocol and where there is no doubt as to the veracity of such a declaration. In the case of products sent by post, this declaration can be made on the customs declaration CN22/CN23, or on a sheet of paper annexed to that document.

2. Imports which are occasional and consist solely of products for the personal use of the recipients or travellers or their families shall not be considered as imports by way of trade if it is evident from the nature and quantity of the products that no commercial purpose is in view.

3. Furthermore, the total value of these products must not exceed EUR 500 in the case of small packages or EUR 1,200 in the case of products forming part of travellers' personal luggage.

Article 27
Supporting documents

The documents referred to in Articles 17(3) and 21(3) used for the purpose of proving that products covered by a movement certificate EUR.1 or an invoice declaration can be considered as products originating in one of the Parties and fulfil the other requirements of this Protocol may consist *inter alia* of the following:

(a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained for example in his accounts or internal book-keeping;

(b) documents proving the originating status of materials used, issued or made out in one of the Parties where these documents are used in accordance with domestic law;

(c) documents proving the working or processing of materials in one of the Parties, issued or made out in that Party, where these documents are used in accordance with domestic law;

(d) movement certificates EUR.1 or invoice declarations proving the originating status of materials used, issued or made out in a Party in accordance with rules of origin which are identical to the rules in this Protocol.

Article 28
Preservation of proof of origin and supporting documents

1. The exporter applying for the issue of a movement certificate EUR.1 shall keep for at least three years the documents referred to in Article 17(3).

2. The exporter making out an invoice declaration shall keep for at least three years a copy of this invoice declaration as well as the documents referred to in Article 21(3).

3. The customs authorities of the exporting country issuing a movement certificate EUR.1 shall keep for at least three years the application form referred to in Article 17(2).

4. The customs authorities of the importing country shall keep for at least three years the movement certificates EUR.1 and the invoice declarations submitted to them.

Article 29
Discrepancies and formal errors

1. The discovery of slight discrepancies between the statements made in the proof of origin and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not ipso facto render the proof of origin null and void if it is duly established that this document does correspond to the products submitted.

2. Obvious formal errors such as typing errors on a proof of origin should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.

Article 30
Amounts expressed in euro

1. For the application of the provisions of Article 21(1)(b) and Article 26(3) in cases where products are invoiced in a currency other than euro, amounts in the national currencies of the Parties equivalent to the amounts expressed in euro shall be fixed annually by each of the Parties concerned.

2. A consignment shall benefit from the provisions of Article 21(1)(b) or Article 26(3) by reference to the currency in which the invoice is drawn up, according to the amount fixed by the country concerned.

3. The amounts to be used in any given national currency shall be the equivalent in that currency of the amounts expressed in euro as at the first working day of October and shall apply from 1 January the following year. For the purposes of implementing the provisions of paragraph 2 on importation the Parties shall recognize the relevant amounts notified by the country concerned or the European Commission.

4. A Party may round up or down the amount resulting from the conversion into its national currency of an amount expressed in euro. The rounded-off amount may not differ from the amount resulting from the conversion by more than 5 per cent. A Party may retain unchanged its national currency equivalent of an amount expressed in euro if, at the time of the annual adjustment provided for in paragraph 3, the conversion of that amount, prior to any rounding-off, results in an increase of less that 15 per cent in the national currency equivalent. The national currency equivalent may be retained unchanged if the conversion would result in a decrease in that equivalent value.

5. The amounts expressed in euro shall be reviewed by the Joint Committee at the request of any of the Parties. When carrying out this review, the Joint Committee shall consider the desirability of preserving the effects of the limits concerned in real terms. For this purpose, it may decide to modify the amounts expressed in euro.

TITLE VI
ARRANGEMENTS FOR ADMINISTRATIVE COOPERATION

Article 31
Mutual assistance

1. The customs authorities of the Parties shall provide each other with specimen impressions of stamps used in their customs offices for the issue of movement certificates EUR.1 and with the addresses of the customs authorities or relevant competent and duly authorized bodies responsible for issuing movement certificates EUR.1 and for verifying those certificates and invoice declarations.

2. In order to ensure the proper application of this Protocol, the Parties shall assist each other, through the competent customs administrations and relevant competent and duly authorized bodies, in checking the authenticity of the movement certificates EUR.1 or the invoice declarations and the correctness of the information given in these documents.

Article 32
Verification of proofs of origin

1. Subsequent verifications of proofs of origin shall be carried out at random or whenever the customs authorities of the importing country have reasonable doubts as to the authenticity of such documents, the originating status of the products concerned or the fulfilment of the other requirements of this Protocol.

2. For the purposes of implementing the provisions of paragraph 1, the customs authorities of the importing country shall return the movement certificate EUR.1 and the invoice, if it has been submitted, the invoice declaration, or a copy of these documents, to the customs authorities of the exporting country giving, where appropriate, the reasons for the enquiry. Any documents and information obtained suggesting that the information given on the movement certificate EUR.1 or the invoice declaration is incorrect shall be forwarded in support of the request for verification.

3. The verification shall be carried out by the customs authorities of the exporting country. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate.

4. If the customs authorities of the importing country decide to suspend the granting of preferential treatment to the products concerned while awaiting the results of the verification, release of the products shall be offered to the importer subject to any precautionary measures judged necessary.

5. The customs authorities requesting the verification shall be informed of the results of this verification as soon as possible. These results must indicate clearly whether the documents are authentic and whether the products concerned can be considered as products originating in one of the Parties and fulfil the other requirements of this Protocol.

   Where the cumulation provisions in accordance with Article 3 and 4 of this Protocol were applied and in connection with Article 17 (4), the reply shall include a copy (copies) of the movement certificate(s) or invoice declaration(s) relied upon.

6. If in cases of reasonable doubt there is no reply within ten months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products, the requesting customs authorities shall, except in exceptional circumstances, refuse entitlement to the preferences.

7. The term “customs authorities of the exporting country” within the meaning of this Article shall mean Ministarstvo vanjske trgovine i ekonomskih odnosa Bosne i Hercegovine – Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina and Directia Generala a Vamilor din Romania – General Customs Directorate of Romania.

Article 33
Dispute settlement

Where disputes arise in relation to the verification procedures of Article 32 which cannot be settled between the customs authorities requesting a verification and the customs authorities responsible for carrying out this verification or where they raise a question as to the interpretation of this Protocol, they shall be submitted to the Joint Committee. In all cases the settlement of disputes between the importer and the customs authorities of the importing country shall be under the legislation of the said country.

Article 34
Penalties

Penalties shall be imposed on any person who draws up, or causes to be drawn up, a document which contains incorrect information for the purpose of obtaining a preferential treatment for products.

Article 35
Free zones

1. The Parties shall take all necessary steps to ensure that products traded under cover of a proof of origin which in the course of transport use a free zone situated in their territory, are not substituted by other goods and do not undergo handling other than normal operations designed to prevent their deterioration.

2. By means of an exemption to the provisions contained in paragraph 1, when products originating in a Party are imported into a free zone under cover of a proof of origin and undergo treatment or processing, the authorities concerned shall issue a new movement certificate EUR.1 at the exporter's request, if the treatment or processing undergone is in conformity with the provisions of this Protocol.

TITLE VII
FINAL PROVISIONS

Article 36
Amendments to the Protocol

The Joint Committee may decide to amend the provisions of this Protocol.

Article 37
Customs Sub-Committee

1. The Customs Sub-Committee shall be set up, charged with carrying out administrative co-operation with a view to the correct and uniform application of this Protocol and with carrying out any other task in the customs field which may be entrusted to it.

2. The Sub-Committee shall be composed of experts of the Parties who are responsible for customs questions.

Article 38
Annexes and Joint Declaration

Annexes I, II, III, IV, V and Joint Declaration to this Protocol shall form an integral part thereof.

JOINT DECLARATION
Concerning the review of the changes to the origin rules as a result of the amendments to the Harmonized System

Where, following the amendments made to the nomenclature, the changes to the origin rules as introduced by a decision of Joint Committee alter the substance of any rule existing prior to that decision, and it appears that such alteration results in a situation prejudicial to the interest of the sectors concerned, then, if one of the Parties so requests in the period up to and including 31 December 2004, an examination shall be made as a matter of urgency by the Joint Committee, of the need to restore the substance of the rule concerned as it was before that decision.

In any case the Joint Committee shall decide to restore, or not to restore, the substance of the rule concerned within a period of three months of the request being made to it by either of the parties to the Agreement.

If the substance of the rule concerned is restored, then the parties to the Agreement shall also provide the legal framework necessary to ensure that any customs duties paid on the products concerned imported after the entry into force of the Agreement can be reimbursed.

ANNEX II

(referred to the Article 4 paragraph 5 of the Agreement)

28151200
31023090
34022090
44121400
44121900
44182080
48042190
48194000
52042000
69101000
69109000
69111000
69120010
69120050
72071114
72083890
72083990
72171039
72172030
73170090
73239410
73239490
76042910
84183091
84185019
87019020
87019025
87032210
87032319
90282000
94016100
94032099
94035000
94036010
94036090
94060010

ANNEX I TO PROTOCOL 1

INTRODUCTORY NOTES TO THE LIST IN ANNEX II TO PROTOCOL 1

Note 1:

The list sets out for the conditions required for all products to be considered as sufficiently worked or processed within the meaning of Article 6 of the Protocol.

Note 2:

2.1 The first two columns in the list describe the product obtained. The first column gives the heading number or chapter number used in the Harmonized System and the second column gives the description of goods used in that system for that heading or chapter. For each entry in the first two columns, a rule is specified in columns 3 or 4. Where, in some cases, the entry in the first column is preceded by an "ex", this signifies that the rules in columns 3 or 4 apply only to the part of that heading or chapter as described in column 2.

2.2. Where several heading numbers are grouped together in column 1 or a chapter number is given and the description of products in column 2 is therefore given in general terms, the adjacent rules in column 3 or 4 apply to all products which, under the Harmonized System, are classified in headings of the chapter or in any of the headings grouped together in column 1.

2.3. Where there are different rules in the list applying to different products within a heading, each indent contains the description of that part of the heading covered by the adjacent rules in column 3 or 4.

2.4. Where, for an entry in the first two columns, a rule is specified in both columns 3 and 4, the exporter may opt, as an alternative, to apply either the rule set out in column 3 or that set out in column 4. If no origin rule is given in column 4, the rule set out in column 3 is to be applied.

Note 3:

3.1. The provisions of Article 6 of the Protocol concerning products having acquired originating status which are used in the manufacture of other products, shall apply, regardless of whether this status has been acquired inside the factory where these products are used or in another factory in a Party.

Example:

An engine of heading 8407, for which the rule states that the value of the non-originating materials which may be incorporated may not exceed 40 per cent of the ex-works price, is made from "other alloy steel roughly shaped by forging" of heading ex 7224.

If this forging has been forged in a Party concerned from a non-originating ingot, it has already acquired originating status by virtue of the rule for heading ex 7224 in the list. The forging can then count as originating in the value-calculation for the engine regardless of whether it was produced in the same factory or in another factory in the Party concerned. The value of the non-originating ingot is thus not taken into account when adding up the value of the non-originating materials used.

3.2. The rule in the list represents the minimum amount of working or processing required and the carrying-out of more working or processing also confers originating status; conversely, the carrying-out of less working or processing cannot confer originating status. Thus, if a rule provides that non-originating material, at a certain level of manufacture, may be used, the use of

such material at an earlier stage of manufacture is allowed, and the use of such material at a later stage is not.

3.3. Without prejudice to Note 3.2 where a rule uses the expression "Manufacture from materials of any heading", than materials of any heading(s) (even materials of the same description and heading as the product) may be used, subject, however, to any specific limitations which may also be contained in the rule.

However, the expression "Manufacture from materials of any heading, including other materials of heading ..." or "Manufacture from materials of any heading, including other materials of the same heading as the product" means that materials of any heading(s) may be used, except those of the same description as the product as given in column 2 of the list.

3.4. When a rule in the list specifies that a product may be manufactured from more than one material, this means that any one or more materials may be used. It does not require that all be used.

Example:

The rule for fabrics of headings 5208 to 5212 provides that natural fibres may be used and that chemical materials, among other materials, may also be used. This does not mean that both have to be used; it is possible to use one or the other, or both.

3.5. Where a rule in the list specifies that a product must be manufactured from a particular material, the condition obviously does not prevent the use of other materials which, because of their inherent nature, cannot satisfy the rule. (See also Note 6.2 below in relation to textiles).

Example:

The rule for prepared foods of heading 1904 which specifically excludes the use of cereals and their derivatives, does not prevent the use of mineral salts, chemicals and other additives which are not produced from cereals.

However, this does not apply to products which, although they cannot be manufactured from the particular material specified in the list, can be produced from a material of the same nature at an earlier stage of manufacture.

Example:

In the case of an article of apparel of ex Chapter 62 made from non-woven materials, if the use of only non-originating yarn is allowed for this class of article, it is not possible to start from non-woven cloth - even if non-woven cloths cannot normally be made from yarn. In such cases, the starting material would normally be at the stage before yarn - that is, the fibre stage.

3.6. Where, in a rule in the list, two percentages are given for the maximum value of non-originating materials that can be used, then these percentages may not be added together. In other words, the maximum value of all the non-originating materials used may never exceed, the highest of the percentages given. Furthermore, the individual percentages must not be exceeded in relation to the particular materials to which they apply.

Note 4:

4.1. The term "natural fibres" is used in the list to refer to fibres other than artificial or synthetic fibres. It is restricted to the stages before spinning takes place, including waste, and, unless otherwise specified, includes fibres that have been carded, combed or otherwise processed but not spun.

4.2. The term “natural fibres” includes horsehair of heading 0503, silk of heading 5002 and 5003 as well as the wool-fibres and fine or coarse animal hair of headings 5101 to 5105, the cotton fibres of headings 5201 to 5203 and the other vegetable fibres of headings 5301 to 5305.

4.3. The terms “textile pulp”, “chemical materials” and “paper-making materials” are used in the list to describe the materials not classified in Chapters 50 to 63, which can be used to manufacture artificial, synthetic or paper fibres or yarns.

4.4. The term “man-made staple fibres” is used in the list to refer to synthetic or artificial filament tow, staple fibres or waste, of headings 5501 to 5507.

Note 5:

5.1. Where for a given product in the list, reference is made to this Note, the conditions set out in column 3 shall not be applied to any basic textile materials used in the manufacture of this product and which, taken together, represent 10 per cent or less of the total weight of all the basic textile materials used. (See also Notes 5.3 and 5.4 below).

5.2. However, the tolerance mentioned in Note 5.1 may only be applied to mixed products which have been made from two or more basic textile materials.

The following are the basic textile materials:

- silk,
- wool,
- coarse animal hair,
- fine animal hair,
- horsehair,
- cotton,
- paper-making materials and paper,
- flax,
- true hemp,
- jute and other textile bast fibres,
- sisal and other textile fibres of the genus Agave,
- coconut, abaca, ramie and other vegetable textile fibres,
- synthetic man-made filaments
- artificial man-made filaments,
- current-conducting filaments,
- synthetic man-made staple fibres of polypropylene,
- synthetic man-made staple fibres of polyester,
- synthetic man-made staple fibres of polyamide,
- synthetic man-made staple fibres of polyacrylonitrile,
- synthetic man-made staple fibres of polyimide,
- synthetic man-made staple fibres of polytetrafluoroethylene,
- synthetic man-made staple fibres of poly(phenylene sulphide),
- synthetic man-made staple fibres of poly(vinyl chloride),
- other synthetic man-made staple fibres,
- artificial man-made staple fibres of viscose,
- other artificial man-made staple fibres
- yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped,
- yarn made of polyurethane segmented with flexible segments of polyester, whether or not gimped,
- products of heading 5605 (moralized yarn) incorporating strip consisting of a core of aluminium foil or a core of plastic film whether or not coated with aluminium powder, of

a width not exceeding 5 mm, sandwiched by means of a transparent or colored adhesive between two layers of plastic film,

- other products of heading 5605.

Example:

A yarn of heading 5205, made from cotton fibres of heading 5203 and synthetic staple fibres of heading 5506, is a mixed yarn. Therefore, non-originating synthetic staple fibres which do not satisfy the origin-rules (which require manufacture from chemical materials or textile pulp) may be used, provided that their total weight does not exceed 10 per cent of the weight of the yarn.

Example:

A woollen fabric, of heading 5112, made from woollen yarn of heading 5107 and synthetic yarn of staple fibres of heading 5509, is a mixed fabric. Therefore, synthetic yarn which does not satisfy the origin-rules (which require manufacture from chemical materials or textile pulp), or woollen yarn that does not satisfy the origin-rules (which require manufacture from natural fibres, not carded or combed or otherwise prepared for spinning), or a combination of the two, may be used, provided that their total weight does not exceed 10 per cent of the weight of the fabric.

Example:

Tufted textile fabric, of heading 5802, made from cotton yarn of heading 5205 and cotton fabric of heading 5210, is only a mixed product if the cotton fabric is itself a mixed fabric being made from yarns classified in two separate headings, or if the cotton yarns used are themselves mixtures.

Example:

If the tufted textile fabric concerned had been made from cotton yarn of heading 5205 and synthetic fabric of heading 5407, then, obviously, the yarns used are two separate basic textile materials and the tufted textile fabric is, accordingly, a mixed product.

5.3. In the case of products incorporating “yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped” this tolerance is 20 per cent in respect of this yarn.

5.4. In the case of products incorporating “strip consisting of a core of aluminum foil or of a core of plastic film whether or not coated with aluminum powder, of a width not exceeding 5 mm, sandwiched by means of a transparent or coloured adhesive between two layers of plastic film”, this tolerance is 30 per cent in respect of this strip.

Note 6:

6.1. Where, in the list, reference is made to this Note, textile materials (with the exception of linings and interlinings), which do not satisfy the rule set out in the list in column 3 for the made-up product concerned, may be used, provided that they are classified in a heading other than that of the product and that their value does not exceed 8 per cent of the ex- works price of the product.

6.2. Without prejudice to Note 6.3, materials, which are not classified within Chapters 50 to 63, may be used freely in the manufacture of textile products, whether or not they contain textiles.

Example:

If a rule in the list provides that, for a particular textile item (such as trousers), yarn must be used, this does not prevent the use of metal items, such as buttons, because buttons are not classified

within Chapters 50 to 63. For the same reason, it does not prevent the use of slide-fasteners, even though slide-fasteners normally contain textiles.

6.3. Where a percentage-rule applies, the value of materials which are not classified within Chapters 50 to 63 must be taken into account when calculating the value of the non-originating materials incorporated.

Note 7:

7.1. For the purposes of headings ex 2707, 2713 to 2715, ex 2901, ex 2902 and ex 3403, the "specific processes" are the following:

(a) vacuum-distillation;
(b) redistillation by a very thorough fractionation-process;
(c) cracking;
(d) reforming;
(e) extraction by means of selective solvents;
(f) the process comprising all the following operations: processing with concentrated sulphuric acid, oleum or sulphuric anhydride; neutralization with alkaline agents; decolourisation and purification with naturally-active earth, activated earth, activated charcoal or bauxite;
(g) polymerization;
(h) alkylation;
(i) isomerization.

7.2. For the purposes of headings 2710, 2711 and 2712, the "specific processes" are the following:

(a) vacuum-distillation;
(b) redistillation by a very thorough fractionation-process;
(c) cracking;
(d) reforming;
(e) extraction by means of selective solvents;
(f) the process comprising all the following operations: processing with concentrated sulphuric acid, oleum or sulphuric anhydride; neutralization with alkaline agents; decolourisation and purification with naturally-active earth, activated earth, activated charcoal or bauxite;
(g) polymerization;
(h) alkylation;
(i) isomerization;
(j) in respect of heavy oils of heading ex 2710 only, desulphurization with hydrogen, resulting in a reduction of at least 85 per cent of the sulphur-content of the products processed (ASTM D 1266-59 T method);
(k) in respect of products of heading 2710 only, deparaffining by a process other than filtering;
(l) in respect of heavy oils of heading ex 2710 only, treatment with hydrogen at a pressure of more than 20 bar and a temperature of more than 250°C with the use of a catalyst, other than to effect desulphurisation, when the hydrogen constitutes an active element in a chemical reaction. The further treatment, with hydrogen, of lubricating oils of heading ex 2710 (e.g. hydrofinishing or decolourisation), in order, more especially, to improve color or stability shall not, however, be deemed to be a specific process;
(m) in respect of fuel oils of heading ex 2710 only, atmospheric distillation, on condition that less than 30 per cent of these products distills, by volume, including losses, at 300°C by the ASTM D 86 method;
(n) in respect of heavy oils other than gas oils and fuel oils of heading ex 2710 only, treatment by means of a high-frequency electrical brush-discharge.

(o) in respect of crude products (other than petroleum jelly, ozokerite, lignite wax or peat wax, paraffin wax containing by weight less than 0,75 per cent of oil) of heading ex 2712 only, de-oiling by fractional crystallization.

7.3. For the purposes of headings ex 2707, 2713 to 2715, ex 2901, ex 2902 and ex 3403, simple operations such, as cleaning, decanting, desalting, water-separation, filtering, coloring, marking, obtaining a sulphur-content as a result of mixing products with different sulphur-contents, or any combination of these operations or like operations, do not confer origin.

-

ANNEX II TO PROTOCOL 1

List of working processing required to be carried out on non-originating materials in order that the product manufactured can obtain status

The products mentioned in the list may not all
be covered by the Agreement. It is
therefore necessary to consult the other parts of the Agreement

ANNEX III TO PROTOCOL 1

Specimens of movement certificate EUR.1 and application for a movement certificate EUR.1

Printing instructions

1. Each form shall measure 210 x 297 mm; a tolerance of up to minus 5 mm or plus 8 mm in the length may be allowed. The paper used must be white, sized for writing, not containing mechanical pulp and weighing not less than 25 g/m^2. It shall have a printed green or yellow guilloche pattern background making any falsification by mechanical or chemical means apparent to the eye.

2. The customs authorities of the Parties may reserve the right to print the forms themselves or may have them printed by approved printers. In the latter case, each form must include a reference to such approval. Each form must bear the name and address of the printer or a mark by which the printer can be identified. It shall also bear a serial number, either printed or not, by which it can be identified.

MOVEMENT CERTIFICATE EUR.1

1. Exporter (Name, full address, country)	**EUR. 1** **No A 000.000** See notes overleaf before completing this form **2. Certificate used in preferential trade between** ---------- and ---------- (insert appropriate countries, groups of countries or territories)	
3. Consignee (Name, full address, country) (Optional)	**4. Country, group of countries or territory in which the products are considered as originating**	**5. Country, group of countries or territory of destination**
6. Transport details (Optional)	**7. Remarks**	

8. Item number; Marks and number; Number and kind of packages[(1)]; Description of goods	**9. Gross mass (kg) or other measure (litres, m^3, etc.)**	**10. Invoices** (Optional)

11.CUSTOMS ENDORSEMENT	**12.DECLARATION BY THE EXPORTER**
Declaration certified Export document[(2)]: Form ..... No..... Customs office: ..... Issuing country or territory: ..... Stamp ..... Place ....., date .... (Signature)	I, the undersigned, declare that the goods described above meet the conditions required for the issue of this certificate. Place ....., date .... (Signature)

[(1)] If goods are not packed, indicate number of articles or state "in bulk" as appropriate.
[(2)] Complete only when the regulations of the exporting country or territory require.

13.Request for verification , to:	14. RESULT OF VERIFICATION
	Verification carried out shows that this certificate[1]: □ was issued by the Customs Office indicated and that the information contained therein is accurate. □ does not meet the requirements as to authenticity and accuracy (see remarks appended).
Verification of the authenticy and accuracy of this certificate is requested. Place ....., date ..... Stamp ..... (Signature)	Place ....., date ..... Stamp ..... (Signature) _____ [1] Insert X in the appropriate box.

NOTES

1. Certificate must not contain erasures or words written over one another. Any alterations must be made by deleting the incorrect particulars and adding any necessary corrections. Any such alteration must be initialled by the person who completed the certificate and endorsed by the Customs authorities of the issuing country or territory.

2. No spaces must be left between the items entered on the certificate and each item must be preceded by an item number. A horizontal line must be drawn immediately below the last item. Any unused space must be struck through in such a manner as to make any later additions impossible.

3. Goods must be described in accordance with commercial practice and with sufficient detail to enable them to be identified.

APPLICATION FOR A MOVEMENT CERTIFICATE EUR.1

1. Exporter (Name, full address, country)	**EUR. 1** **No A 000.000** See notes overleaf before completing this form	
	2. Certificate used in preferential trade between ---------- and ---------- (insert appropriate countries, groups of countries or territories)	
3. Consignee (Name, full address, country) (Optional)	**5. Country, group of countries or territory in which the products are considered as originating**	**5. Country, group of countries or territory of destination**
6. Transport details (Optional)	**7. Remarks**	

8. Item number; Marks and number; Number and kind of packages[(1)]; Description of goods	**9. Gross mass (kg) or other measure (litres, m^3, etc.)**	**10. Invoices** (Optional)

[(1)] If goods are not packed, indicate number of articles or state “in bulk” as appropriate.

DECLARATION BY THE EXPORTER

I, the undersigned exporter of the goods described overleaf,

DECLARE that the goods meet the conditions required for the issue of the attached certificate;

SPECIFY as follows the circumstances which have enabled these goods to meet the above conditions:

.....

.....

.....

.....

SUBMIT the following supporting documents [1]:

.....

.....

.....

.....

UNDERTAKE to submit, at the request of the appropriate authorities, any supporting evidence which these authorities may require for the purpose of issuing of the attached certificate, and undertake, if required, to agree to any inspection of my accounts and to any check on the processes of manufacture of the above goods, carried out by the said authorities;

REQUEST the issue of the attached certificate for these goods.

.....
(Place and date)

.....
(Signature)

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[1] For example: import documents, movement certificates, invoices, manufacture's declaration etc., referring to the products used in manufacture or to the goods re-exported in the same state.

ANNEX IV TO PROTOCOL 1

Text of the invoice declaration

The invoice declaration, the text of which is given below, must be made out in accordance with the footnotes. However, the footnotes do not have to be reproduced.

Bosnia and Herzegovina versions:

Izvoznik proizvoda obuhvaćenih ovom ispravom (carinsko ovlaštenje br.....[1]) izjavljuje da su, osim ako je to drugačije izričito navedeno, ovi proizvodi .....[2] preferencijalnog porijekla.

Izvoznik proizvoda obuhvaćenih ovom ispravom (carinsko ovlaštenje br.....[1]) izjavljuje da su, osim ako je to drukčije izričito navedeno, ovi proizvodi .....[2] preferencijalnog podrijetla.

Извозник производа обухваћених овом исправом (царинско овлаштење бр.....[1]) изјављује да су, осим ако је то другачије изричито наведено, ови производи .....[2] преференцијалног поријекла.

Romanian version:

Exportatorul produselor ce fac obiectul acestui document (autorizatia vamala nr. …..[1]) declara ca, exceptand cazul in care in mod expres este indicat altfel, aceste produse sunt de origine preferentiala.....[2

English version:

The exporter of the products covered by this document (customs authorization No ... [1]) declares that, except where otherwise clearly indicated, these products are of .....[2] preferential origin.

.....[3]
(Place and date)

.....[4]
(Signature of the exporter, in addition the name of the person signing the declaration has to be indicated in clear script)

---

(1) When the invoice declaration is made out by an approved exporter, the authorization number of the approved exporter must be entered in this space. When the invoice declaration is not made out by an approved exporter, the words in brackets shall be omitted or the space left blank.

(2) Origin of products to be indicated.

(3) These indications may be omitted if the information is contained on the document itself.

(4) In cases where the exporter is not required to sign, the exemption of signature also implies the exemption of the name of the signatory.

ANNEX V TO PROTOCOL 1

The Parties agree to attend to the continuation of the implementation of the harmonized preferential rules of origin in accordance with the practice of the European Community.