

CENTRAL EUROPEAN FREE TRADE AGREEMENT

Concluded by:

The Czech Republic,

The Republic of Hungary

The Republic of Poland and

The Slovak Republic

PREAMBLE

The Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic (hereinafter called the Parties),

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

Having regard to the Visegrad Declaration of 15 February 1991 and the Cracow Declaration of 6 October 1991 adopted as the results of the meetings of the highest representatives of the Parties,

Recalling their intention to participate actively in the process of economic integration in Europe and expressing their preparedness to cooperate in seeking ways and means to strengthen this process,

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

Recalling their firm commitment to the Final Act of the Conference on Security and Co-Operation in Europe, the Paris Charter, and in particular the principles contained in the final document of the Bonn Conference on Economic Co-operation in Europe,

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,

Firmly convinced that this Agreement will foster the intensification of mutually beneficial trade relations among them and contribute to the process of integration in Europe,

Considering that no provision of this Agreement may be interpreted as exempting the Parties from their obligations in other international agreements, especially the General Agreement on Tariffs and Trade,

Have decided as follows:

Article 1

Objectives

1. The parties shall gradually establish a free trade area in accordance with the provisions of the present Agreement and in conformity with Article XXIV of the General Agreement on Tariffs and Trade in a transitional period ending on 1 January 2001, at the latest.
2. The objectives of the present Agreement are:
 - a. to promote through the expansion of trade the harmonious development of the 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 increased productivity and financial stability.
 - b. to provide fair conditions of competition for trade between the Parties,
 - c. to contribute in this way, by the removal of barriers to trade, to the harmonious development and expansion of world trade.

Chapter I. - Industrial products

Article 2

Scope

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

Article 3

Customs duties on imports

1. No new customs duty on imports shall be introduced in trade between the Parties.
2. Customs duties on imports shall be abolished in accordance with the provisions of Protocol 1, 2 and 3.
Provisions for the abolition of customs duties on imports between:
 - * the Czech Republic and the Slovak Republic on the one side and the Republic of Hungary on the other side are laid down in Protocol 1;
 - * the Czech Republic and the Slovak Republic on the one side and the Republic of Poland on the other side are laid down in Protocol 2;
 - * the Republic of Hungary and the Republic of Poland are laid down in Protocol 3.

Article 4

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 Favored Nation rate of duty applicable on 29 February 1992.
2. If, after entry into force of the Agreement, any tariff reduction is applied on an erga omnes basis, in particular reductions resulting from the tariff agreement concluded as a result of the Uruguay Round of Multilateral Trade negotiations, such reduced duties shall replace the basic duties referred to in paragraph 1 as from that date when such reductions are applied.
3. The reduced duties calculated in accordance with Article 2 shall be applied rounded to the first decimal place.
4. The Parties shall communicate to each other their respective customs duties.

Article 5

Charges equivalent to the duties

1. No new charge having an effect equivalent to a customs duty on imports shall be introduced in trade between the Parties.
2. All charges having an effect equivalent to customs duties on imports shall be abolished on the date of the entry into force of this Agreement, except as provided for in Annex II.

Article 6

Fiscal duties

The provisions of Article 3 shall also apply to customs duties of a fiscal nature.

Article 7

Customs duties on exports and charges having equivalent effect

1. No customs duty on exports or charge having equivalent effect shall be introduced in trade between the Parties.
2. The Parties shall progressively abolish among them at the latest by 1 January 1997 any customs duties on exports and charges having equivalent effect.

Article 8

Quantitative restrictions on imports and measures having equivalent effect

1. No new quantitative restrictions on imports or measures having equivalent effect shall be introduced in trade between the Parties.

2. All quantitative restrictions and measures having equivalent effect on imports of products originating in the Parties shall be abolished on the date of entry into force of the Agreement, except as provided for in Annexes III/a, III/b and III/c.

Article 9

Quantitative restrictions on exports and measures having equivalent effect

1. No new quantitative restrictions on exports or measures having equivalent effect shall be introduced in trade between the Parties.
2. All quantitative restrictions on exports from the Parties and measures having equivalent effect shall be abolished on the date of entry into force of the Agreement, except as provided for in Annexes IV/a, IV/b and IV/c.

Article 10

Information procedure on draft technical regulations

1. The Parties shall notify each other at the earliest practicable stage and in accordance with the provisions laid down in Annex V of draft technical regulations and draft amendments thereto, which they intend to issue..
2. The Joint Committee shall decide on the date for implementing the provisions in paragraph 1.

Chapter II. - Agricultural products

Article 11

Scope

1. The provisions of this Chapter shall apply to agricultural products originating in the Parties to this Agreement.
2. The term "agricultural products" means for the purpose of this Agreement the products falling within Chapter 1 to 24 of the Harmonized Commodity Description and Coding system and the products listed in Annex I.

Article 12

Exchange of concessions

1. The Parties to this Agreement grant each other the concessions, specified in Protocols 4, 5 and 6 in accordance with provisions of this chapter and laid down in these protocols.

Concessions exchanged between:

- * the Czech Republic and the Slovak Republic on the one side and the Republic of Hungary on the other side are specified in Protocol 4;
- * the Czech Republic and the Slovak Republic on the one side and the Republic of Poland on the other side are specified in Protocol 5;
- * the Republic of Hungary and the Republic of Poland are specified in Protocol 6.

2. Taking account of:

- * the role of agriculture in their economies,
- * the development of trade in agricultural products between the Parties,
- * the particular sensitivity of the agricultural products,
- * the rules of their agricultural policies,
- * the consequences of the multilateral trade negotiations under the General Agreement on Tariffs and Trade;

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

Article 13

Concessions and agricultural policies

1. Without prejudice to the concessions granted under Article 12, the provisions of this Chapter shall not restrict in any way the pursuance of the respective agricultural policies of the Parties or the taking of any measures under such policies, including the implementation of the results of the Uruguay Round agreements.

2. The Parties shall notify the Joint Committee of changes in their respective agricultural policies pursued or measures applied which may affect the conditions of agricultural trade among them as provided for in this Agreement. On the 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 27, if, given the particular sensitivity of the agricultural markets, imports of products originating in a Party, which are the subject to concessions granted under this Agreement, cause serious disturbance to the markets of the other Party or Parties, the Parties concerned shall enter into consultations immediately to find an appropriate solution. Pending such solution, the Parties concerned may take measures they deem necessary.

Article 15

Sanitary and Phitosanitary measures

The Parties shall apply their regulations in veterinary, plant health and health matters in a non-discriminatory fashion and shall not introduce any new measures that have the effect of unduly obstructing trade.

Chapter III. - General provisions

Article 16

Rules of origin and co-operations in customs administration

1. Protocol 7 lays down the rules of origin and related methods of administrative co-operation..
2. 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 7 and Articles 3 to 9, 12, 17 and 28 of the Agreement are effectively and harmoniously applied, and to reduce, as far as possible the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.

Article 17

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

Article 18

General exceptions

This Agreement shall not preclude the 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, animal or plants; the protection of national treasures possessing artistic, historic or archaeological value; protection of intellectual property or rules relating to gold or silver or the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 19

Security exceptions

Nothing in this Agreement shall prevent a Party from taking any 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 20

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 fifth year after the entry into force of the Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Parties. The Joint Committee will be informed 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 others.

Article 21

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 State, Party to this Agreement, 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 participates.

3. Notwithstanding paragraph 1, until Article VIII of the Articles of Agreement of the IMF becomes applicable for the Parties, the Parties reserve the right to apply exchange restrictions on the grant or acceptance of short and medium term credits related to trade in goods to the extent permitted according to their status under the IMF, provided that these restrictions are applied in a non-discriminatory manner as regards the origin of the products and that they are not applied only to specific products or kind of products. The restrictions shall be of limited duration and shall be eliminated when conditions no longer justify their maintenance. The parties shall inform the Joint Committee promptly of the introduction of such measures and of any changes therein.

Article 22

Rules of competition concerning undertakings

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

- a. all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
- b. abuse by one or more undertakings of a dominant position in the territories of the Parties as a whole or in a substantial part thereof.

3. The provisions of paragraph 1 shall apply to the activities of all undertakings including public undertakings and undertakings to which the Parties grant special or exclusive rights.

Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly, shall be subject to provisions of paragraph 1 insofar as the application of these provisions does not obstruct the performance, in law or fact, of the particular public tasks assigned to them.

4. With regard to products referred to in Chapter II the provisions stipulated in paragraph 1 (a) shall not apply to such agreements, decisions and practices which form an integral part of a national market organization.

5. If a Party considers that a given practice is incompatible with paragraphs 1, 2 and 3 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 31.

Article 23

State Aid

1. Any aid granted by a State being a Party to this Agreement or through State resources in any form whatsoever which distorts or threatens to distort competition by favoring certain

goods shall, in so far as it may affect trade between this Party and other Parties to this Agreement, be incompatible with the proper functioning of this Agreement.

2. The provisions of paragraph 1 shall not apply to products referred to in Chapter II.
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 contrary to paragraph 1 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 Parties, 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, and is not adequately dealt with under the implementing rules referred to in paragraph 3, or
 - * in the absence of such rules, 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 of and in accordance with the provisions laid down in Article 31.

Such appropriate measures may only be taken in conformity with the procedures and under the conditions laid down by the GATT and any other relevant instrument negotiated under its auspices which are applicable between the Parties concerned.

Article 24

Government Procurement

1. The Parties consider the liberalization of their respective government procurement markets as an objective of this Agreement.
2. The Parties shall progressively develop their respective regulations for government procurement with a view to grant suppliers of the other Parties by the end of the transitional period referred to in Article 1 of this Agreement, at the latest, access to contract award procedures on their respective government procurement markets according to the provisions of the GATT Agreement on Government Procurement of 12 April 1979 as amended by a Protocol of Amendments of 2 February 1987.
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 full balance of rights and obligations.

4. During the examination referred to in paragraph 3 of this Article, the Joint Committee may consider, especially in the light of developments in this area in international relations, the possibility of extending the coverage and/or the degree of the market opening provided for in paragraph 2.

5. The Parties shall endeavor to accede to the relevant Agreements negotiated under the auspices of the GATT.

Article 25

Protection of Intellectual Property

1. The Parties shall grant and ensure protection of intellectual property rights on a non-discriminatory basis, including measures for the grant and enforcement of such rights. The protection shall be gradually improved and, before the end of the fifth year after the entry into force of this Agreement, of a level corresponding to the substantive standards of the multilateral agreements, which are specified in Annex VI.

2. For the purpose of this Agreement "intellectual property protection" includes in particular protection of copyright, comprising computer programs and databases, and neighboring rights, trademarks, geographical indications, industrial designs, patents, topographies of integrated circuits, as well as undisclosed information and know-how.

3. Protection of topographies of integrated circuits ensured by any Party shall be granted on reciprocal basis.

4. 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 to future international conventions on harmonization, administration and enforcement of intellectual property and on activities in international organizations, such as the General Agreement on Tariffs and Trade, WIPO, as well as relations of Parties with third countries on matters concerning intellectual property.

Article 26

Dumping

If a Party finds that dumping within the meaning of Article VI of the GATT is taking place in trade relations governed by this Agreement, it may take appropriate measures against that practice in accordance with Article VI of the General Agreement on Tariffs and Trade and agreements related to that Article, under the conditions and in accordance with the procedure laid down in Article 31.

Article 27

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 the procedure laid down in Article 31.

Article 28

Structural Adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 3 may be taken by any of the Parties in the form of increased customs duties.
2. These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.
3. Customs duties on imports applicable in the Party concerned to products originating in the other Party introduced by these measures may not exceed 25% ad valorem and shall maintain an element of preference for products originating in the Parties. 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 Parties as defined in Chapter I., during the last year of which statistics are available.
4. Those measures shall be applied for a period not exceeding five years unless a longer duration is authorized by the Joint Committee. They shall cease to apply at the latest at the expiration of the transitional period.
5. No such measures can be introduced in respect of a product if more than three years elapsed since the elimination of all duties and quantitative restrictions or charges or measures having an equivalent effect concerning that product.
6. The Party concerned shall inform the Joint Committee of any exceptional measures it intends to take and, at the request of the other Parties, consultations shall be held in the Joint Committee on such measure and the sectors to which they apply before they are applied. When taking such measures the party concerned shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction, at equal annual rates. The Joint Committee may decide on a different schedule.

Article 29

Re-export and serious shortages

Where compliance with the provisions of Articles 7 and 9 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 31.

Article 30

Fulfillment of obligations

1. The Parties shall take any general or specific measures required to fulfil their obligations under the Agreement. They shall see to it that the objectives set out in the 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 31.

Article 31

Procedure for the application of safeguard measures

1. Before initiating the procedure for the application of safeguard measures set out in the following paragraphs of the present Article, the Parties shall endeavor 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 27 to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other party.
3. Without prejudice to paragraph 7 of the present Article, a Party which considers resorting to safeguard measures shall promptly notify the other Party and the Joint Committee thereof and supply all relevant information. Consultations between the Parties shall take place without delay in the Joint Committee with a view to finding a solution.
4.
 - a. As regards Articles 26, 27 and 29, 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 absence of such decision within thirty days of the matter being referred

to the Joint Committee, the Party concerned may not adopt the measures necessary in order to remedy the situation.

b. As regards Article 30, 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 notification.

c. As regards Article 22 and 23, the Parties 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.

4. The safeguard measures taken shall be notified immediately to the other Party and to the Joint Committee. They shall be restricted 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 as will least disturb the functioning of the Agreement. The measures taken by a Party against an action or an omission of another Party may only affect the trade with that Party.

5. The safeguard measures taken shall be the object 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.

6. Where exceptional circumstances requiring immediate action make prior examination impossible, the Party concerned may, in the cases of Articles 26, 27 and 29, apply forthwith the provisional measures strictly necessary to remedy the situation. The measures shall be notified without delay and consultations between the Parties shall take place as soon as possible within the Joint Committee.

Article 32

Balance of payments difficulties

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

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 General Agreement on Tariffs and Trade, 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 shall inform the other Party forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

Article 33

Evolutionary clause

1. Where a Party considers that it would be useful in the interest of the economies of the Parties to develop and deepen the relations established by the Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the other Party. The Parties may instruct the Joint Committee to examine such a request and, where appropriate, to make recommendations, particularly with a view to opening negotiations.
2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to ratification or approval by the Parties in accordance with their own procedures.

Article 34

The Joint Committee

1. The Parties agree to set up the Joint Committee composed of representatives of the Parties.
2. The implementation of this Agreement shall be supervised and administered by the Joint Committee.
3. For the purpose of the proper implementation of the Agreement, the Parties shall exchange information and, at the request of any Party, shall hold consultations within the Joint Committee. The Committee shall keep under review the possibility of further removal of the obstacles to trade between the Parties.
4. The Joint Committee may take decisions in the cases provided for in this Agreement. On other matters the Committee may make recommendations.

Article 35

Procedure of the Joint Committee

1. For the proper implementation of this Agreement the Joint Committee shall meet whenever necessary but at least once a year. Each Party may request that a meeting be held.
2. The Joint Committee shall act by common agreement.
3. If a representative in the Joint Committee of a Party to this Agreement has accepted a decision subject to the fulfillment of constitutional requirements, the decision shall enter into force if no later date is contained therein, on the day the lifting of the reservation is notified.
4. For the purpose of this Agreement the Joint Committee shall adopt its rules of procedure which shall, inter alia, contain provisions for convening meetings and for the designation of the Chairman and his term of office.
5. The Joint Committee may decide to set up such subcommittees and working parties as it considers necessary to assist it in accomplishing its tasks.

Article 36

Trade relations governed by this and other Agreements

1. This Agreement shall apply to trade relations among the Czech Republic, the Republic of Poland, the Republic of Hungary and the Slovak Republic but not to the trade relations between the Czech Republic and the Slovak Republic.
2. 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 and in particular the provisions concerning rules of origin provided for by this Agreement.

Article 37

Annexes and Protocols

The Annexes and Protocols to this Agreement are in integral part of it. The Joint Committee may decide to amend the Annexes and Protocols in accordance with the provisions of paragraph 3 of the Article 35.

Article 38

Territorial application

This Agreement shall apply to the territories of the States Parties to the Agreement.

Article 39

Amendments

Amendments to this Agreement other than those referred to in paragraph 4 of Article 34 which are approved by the Joint Committee shall be submitted to the Parties to this Agreement for acceptance and shall enter into force if accepted by all the Parties. The instruments of acceptance shall be deposited with the Depositary.

Article 40

Entry into force

1. This Agreement shall enter into force on 1 March 1993 provided that all Parties have deposited their instruments of ratification with the Depositary.
2. If this Agreement has not entered into force in accordance with the provision of paragraph 1, representatives of the Parties having deposited their instruments of ratification shall meet

before 30 April 1993 and may decide when the Agreement shall enter into force in relation to those Parties.

3. In relation to a Party depositing its instruments of ratification after the meeting referred to in paragraph 2, this Agreement shall enter into force on the first day of the second month following the deposit of its instrument but not before the date decided upon in accordance with paragraph 2.

4. Any Party may already at the time of signature declare that, during an initial phase it shall apply the Agreement provisionally if the Agreement cannot enter into force in relation to that Party by 1 March 1993.

Article 41

Validity and withdrawal

Each Party to this Agreement may withdraw therefrom, including from the provisional application by means of a written notification to the Depositary. The withdrawal shall take effect six months after the date on which the notification was received by the Depositary. The Agreement remains in force for the other Parties.

Article 42

Depositary

The Government of Poland, acting as Depositary, shall notify all States that have signed this Agreement of the deposit of any instrument of ratification, the entry into force of this Agreement, any other act or notification relating to this Agreement or of its validity.

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

Done at Kraków this 21st day of December 1992 in a single authentic copy in the English language which shall be deposited with the Government of Poland. The depositary shall transmit certified copies to all Parties.

For the Czech Republic	Vladimir Dlouhy
For the Republic of Hungary	Bela Kadar
For the Republic of Poland	Andzej Arendarski
For the Slovak Republic	Ludovit Cermak

RECORD OF UNDERSTANDINGS

1. The Parties declare their readiness to examine in the Joint Committee the possibility of extending to each other any concessions they grant or will grant to third countries with which they concluded a Free Trade Agreement or other similar agreement to which Article XXIV of the General Agreement on Tariffs and Trade applies.
2. As regards paragraph 2 of Article 4, the Parties agree that where 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; and that whenever a partial suspension of duties is made, the preferential margin between the Parties will be preserved.
3. The Parties agree that Article 9 does not apply when measures covered by this Article might be required for the administration of international obligations.
4. When elaborating the criteria and rules indicated in paragraph 3 of Article 23, the Parties:
 - * shall aim at ensuring their greatest possible conformity with the relevant criteria and rules used under the Agreements establishing an Association between each of the Parties of this Agreement and the European Communities;
 - * shall define the conditions and/or situations when temporary derogations from the provisions of paragraph 1 may be applicable.
5. Concerning the paragraph 4 of Article 23 the Joint Committee shall within one year following the entry into force of this Agreement adopt the necessary rules for the implementation of transparency measures.
6. Items in Annexes to Protocols 2 and 3 and in Annex III/c marked with an asterisk (*) will only be covered by the provisions contained therein, provided parallel treatment of these items in trade between the Parties is granted as compared to trade between Poland and the European Communities.
7. The Parties consider that an arbitration procedure could be envisaged for disputes which cannot be settled through consultations between the Parties concerned or in the Joint Committee. Such a possibility may be further examined in the Joint Committee.