

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

PREAMBLE

The Republic of Croatia and the Republic of Macedonia hereinafter referred to as the "Contracting Parties",
Expressing their readiness to strengthen the economic co-operation, as well as to further develop the trade cooperation,
with the intention to enable better harmonisation, and the extension of structure and enhancement of
mutual trade exchange volume;
Reaffirming their commitment to participate actively in the process of economic integration in Europe, and expressing
their preparedness to co-operate in seeking ways and means to strengthen this process;
Reaffirming their firm commitment to the principles of a market economy which constitutes the basis for their relations;
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;
Firmly convinced that this Agreement will foster the intensification of mutually beneficial trade relations between the
respective countries and contribute to the process of integration in Europe;
Considering that no provision of this Agreement may be interpreted as exempting the Contracting Parties from their
obligations under other international agreements, especially the General Agreement on Tariffs and Trade 1994 and
the Agreement establishing the World Trade Organisation;
Have agreed as follows:

Article 1
Objectives

1. The Contracting Parties shall gradually establish a free trade area in a transitional period ending on January 1, 2000, in accordance with the provisions of this agreement and in conformity with Article XXIV of the General Agreement on Tariffs and Trade 1994.
2. The objectives of this Agreement are:
 - a) through the expansion of mutual trade to promote the harmonious development of economic relations and to foster the advancement of economic activities, improvement of living standards and employment possibilities and productivity enhancement and financial stability,
 - b) to provide fair conditions of competition for trade between the Contracting Parties,

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

CHAPTER I - INDUSTRIAL PRODUCTS

Article 2

Scope of Application

1. The provisions of this Chapter shall apply to industrial products originating in one of the Contracting Parties.
2. 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,

Article 3

Customs Duties on Imports

1. No new customs duty shall be introduced in trade between the Contracting Parties.
2. The Republic of Croatia abolishes all customs duties on imported products originating in the Republic of Macedonia, except the 1% customs duty, as of the date of entry into force of this Agreement.
3. The Republic of Macedonia abolishes all customs duties on imported products originating in the Republic of Croatia, except the 1% customs charges, from the date of entry into force of this Agreement.

Article 4

Special charges

1. No new special charges shall be introduced in trade between the Contracting Parties.
2. The Contracting Parties shall abolish all special charges as of the date of entry into force of this Agreement.

Article 5

Fiscal Duties

The Contracting Parties shall not apply or introduce custom duties of a fiscal nature.

Article 6

Customs duties on exports and charges having equivalent effect

1. No new customs duties on exports or charges having equivalent effect shall be introduced in trade between the Contracting Parties.
2. All customs duties on exports and charges having equivalent effect shall be abolished on the date of entry into

force of this Agreement.

Article 7

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

Article 8

Quantitative restrictions on exports and measures having equivalent effect

1. No new quantitative restriction on exports or measure having equivalent effect shall be introduced in trade between the Contracting Parties.
2. All quantitative restrictions and measures having equivalent effect on export of products originating in the Contracting Parties shall be abolished on the date of entry into force of this Agreement.

Article 9

Elimination of technical barriers to trade

1. The Contracting Parties shall co-operate and exchange information in the field of standardisation, metrology, conformity assessment and accreditation with the aim of reducing technical barriers to trade.
2. In order to eliminate technical barriers and effectively implement this Agreement, the Contracting Parties may on the basis hereof conclude an agreement on mutual recognition of the reports, certificates of conformity and other documents directly or indirectly related to conformity assessment of the products which are the subject of the goods exchange between the Contracting Parties based on the regulations effective in the importing country.
3. The specification of conditions and methods for conformity assessment is prepared through mutual negotiations by institutions determined for the implementation of the conformity assessment process based on the laws in force in the exporting country.

CHAPTER II - AGRICULTURAL AND FOOD PRODUCTS

Article 10

Scope

1. The provisions of this Chapter shall apply to agricultural products originating in one of the Contracting Parties.
2. The term "agricultural and food products" means for the purpose of this Agreement the products falling within Chapter 1 to 24 of the Harmonised Commodity description and Coding System.

Article 11

Exchange of concessions

1. The Contracting Parties shall grant each other the concessions specified in Protocol 1 to this Agreement as laid down in that Protocol and in accordance with provisions of this Chapter.
2. Taking into account the role of agriculture in their economies, the development of trade in agricultural and food products between the Contracting Parties, the particular sensitivity of the agricultural products, the rules of their agricultural policies, the results of the multilateral trade negotiations under the General Agreement on Tariffs and Trade 1994, the Contracting Parties shall examine the possibilities of granting each other further concessions.

Article 12

Concessions and agricultural policy

1. Without prejudice to concessions granted under Article 11 of this Agreement, the provision of this Chapter shall not restrict in any way the pursuance of the respective agricultural policies of the Contracting Parties or the taking of any measures under such policies, including the implementation of the results of the agreements of the World Trade Organisation.
2. The Contracting Parties shall notify the Joint Committee under Article 33 of this Agreement on all changes in their respective agricultural policies pursued or measures applied which may affect the conditions of trade in agricultural products between them, pursuant to provisions of this Agreement. On the request of a Contracting Party, prompt consultations shall be held, to examine the situation.

Article 13

Specific safeguards

Notwithstanding other provisions of this Agreement, in particular Article 26 to this Agreement, and given the particular sensitivity of the agricultural and food products, if imports of products originating in a Contracting Party which are subject to concessions granted under this Agreement cause serious disturbances to the market of the other

Contracting Party, the Contracting Party concerned shall immediately enter into consultations to find an appropriate solution. If required by the circumstances, the affected Contracting Party may take measures it deems necessary for a limited period or until the disturbances on the market exist, i.e. until the Contracting Parties find a joint solution.

Such measures may not result in less favourable treatment of the products originating in the Contracting Parties in comparison with the products originating in the third countries, according to the most favoured national treatment.

Article 14

Sanitary and phytosanitary measures

1. The Contracting Parties shall apply their regulations in veterinary, plant health and health matters, in particular in the exchange of information in infectious diseases of domestic animals, quarantine diseases, plant pests and weed, as well as in the adjustment of similar documents in the exchange and transport of goods.

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

CHAPTER III - GENERAL PROVISIONS

Article 15

Rules of origin and co-operation in customs administration

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

2. The Contracting Parties shall take appropriate measures, including regular reviews by the Joint Committee under Article 33 of this Agreement and arrangements for administrative co-operation, to ensure that the provisions of Protocol 2 of this Agreement and Articles 2 to 9, 11, 16 and 27 of this Agreement, are effectively and harmoniously applied, and to reduce the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.

3. Protocol 3 of this Agreement shall stipulate mutual assistance and co-operation between Customs Administrations of the Contracting Parties.

Article 16

Internal taxation

1. The Contracting 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 Contracting Parties.
2. The exporters may not benefit from repayment of internal taxation in excess of the amount directly or indirectly imposed, for the products exported to the territory of one of the Contracting Parties.
3. In relation to the tax burden of the products originating in the Contracting Parties, two states undertake to give the national treatment to imported products until January 1, 1998.

Article 17

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 possessing artistic, historic or archaeological value;
- the protection of intellectual property;
- the rules relating to gold or silver;
- the environment protection and especially, the conservation of exhaustible natural resources,

if such measures are made effective in conjunction with restrictions on domestic production or consumption or in accordance with international agreements.

Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.

Article 18

Security exceptions

The provisions of this Agreement shall not prevent the Contracting Parties from taking any appropriate measure which it considers necessary:

1. To prevent the disclosure of information contrary to essential security interests of the Contracting Parties;
2. 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) measures taken in time of war or other serious international tension;

3. Pursuant to regulations being in force in the Contracting Parties, the competent institutions shall grant import, i.e. export licenses, for the products which are subject to export-import licenses regime stipulated by international agreements and connections;

4. In mutual trade between the Contracting Parties the provisions of regulations pursuant to international agreements and connections shall be applied to environment polluting goods, originating in a Contracting Party.

Article 19 State monopolies

1. The Contracting Parties shall adjust progressively any State monopoly of a commercial character so as to ensure that by the end of the fifth year from the date of entry into force of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Contracting parties. The Joint Committee shall be informed on measures undertaken to that end.

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

Article 20 Payments

1. All settlements and payments relating to trade in goods, services or rights on intangible goods between the Contracting Parties shall be made in convertible currency in accordance with their respective national legislation.

2. Settlements and payments can be made in any other form which is in accordance with national legislation of the Contracting Parties.

Article 21 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 Contracting Parties:

(a) all agreements between undertakings, decisions by associations of undertakings and concerted practices

between undertakings which have as their object or effect the prevention, restriction or distortion of

competition;

(b) abuse by one or more undertakings of a dominant position in the territories of the Contracting Parties as a

whole or in a substantial part thereof.

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 Contracting Parties grants special or exclusive rights.

Undertakings entrusted with the operation of services of general economic interest or having the character of a

revenue-producing monopoly, shall be subject to provisions of paragraph 1 in so far as the application of these

provisions does not obstruct the performance, in law or fact, of the particular public tasks assigned to them.

3. With regard to products referred to in Chapter II of this Agreement the provisions of paragraph 1 (a) shall not

apply to such agreements, decisions and practices which form an integral part of a national market organisation.

4. If a Contracting Party considers that a given practice is incompatible with paragraphs 1, 2 and 3 and if such

practice causes or threatens to cause serious prejudice to the interest of that Contracting Party or material injury

to its domestic industry, it may take appropriate measures under the conditions and in accordance with the

procedure laid down in Article 31 to this Agreement.

Article 22

State aid

1. Any aid granted by the state being the Contracting Party to this Agreement or through State resources in any

form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the

production of certain goods shall, in so far as it may affect trade between the Contracting Parties, be incompatible

with the proper functioning of this Agreement.

2. 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.

3. The Contracting 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 Contracting Party, upon request, information on aid schemes and on particular individual cases of state aid.

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

- 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 rules, referred to in paragraph 3, causes or threatens to cause serious prejudice to the interest

- of that Contracting Party or material injury to its domestic industry,

- it may take appropriate measures under the conditions of and in accordance with the provisions laid in Article 31.

Such measures may only be taken in conformity with the procedures and under the conditions of the General

Agreement on Tariffs and Trade 1994 and any other relevant instruments negotiated under their auspices, which are

applicable between the Contracting Parties concerned.

Article 23

Public procurement

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

2. The Contracting Parties shall progressively adjust their respective rules, conditions and practices with respect to public procurements with the view to grant suppliers of the other Contracting Party by the end of the transitional period under Article 1 of this Agreement at the latest, the access to contract award procedures on their respective public procurement markets taking into account the provisions of the Agreement on Government Procurement of the World Trade Organisation.

3. The Joint Committee shall examine developments related to the achievement of the objectives of this Article so as to suggest practical ways of implementing the provisions of paragraph 2 of this Article.

4. The Contracting Parties shall endeavour to accede to the relevant Agreements on Government Procurement negotiated under the auspices of the World Trade Organisation.

Article 24

Protection of intellectual property

1. The Contracting Parties shall grant to citizens, enterprises and institutions of the other Contracting Party, as well as to their legal inheritors, the protection of intellectual property rights (industrial property as well as copyrights and related rights) subject to the national laws and under same conditions as confirmed for their citizens, enterprises and institutions.
2. The Contracting Parties agree, in addition, to mutually respect intellectual property rights (industrial property, as well as copyrights and related rights) of their own citizens, enterprises and institutions in accordance with the standards on protection, which could not be less favourable than those granted by Bern, Rome and Paris Convention.

Article 25 Damping

1. If one of the Contracting Parties considers that dumping within the meaning of Article VI of the General Agreement on Tariffs and Trade is taking place, it may take appropriate measures against that practice in accordance with Article VI of the General Agreement on Tariffs and Trade 1994 under the conditions and in accordance with the procedure laid down in Article 30 of this Agreement.
2. If one of the Contracting Parties ascertains the incidence of dumping or subventions in the imports from the other Contracting Party, the other Contracting Party has to be notified before the decision to initiate the procedure is taken.
3. Prior to final introduction of antidumping measures or compensation the Contracting Parties shall endeavour to reach appropriate and fair agreement.

Article 26 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 Contracting 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 Contracting Party concerned may take appropriate measures under the conditions and in accordance with the

procedure laid down in Article 30 of this Agreement.

Article 27

Structural adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 3. to this Agreement may be taken by any of the Contracting Parties in the form of increased customs duties. Those measures may only concern infant industries and some sectors undergoing the process of restructuring or facing serious problems, particularly where those problems cause important social problems.

2. Customs duties on imports applicable in the Contracting Party concerned to products originating in the other Contracting Party introduced in accordance with paragraph 1 of this Article may not exceed 25% ad valorem and shall maintain an element of preference in custom duties for products originating in the other Contracting 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 Contracting Party as defined in Chapter I of this Agreement, during the last year for which statistics are available.

3. Those temporary measures shall be applied for a period not exceeding four years, unless the Joint Committee approves longer duration. It shall cease to apply after the expiry of the transitional period at the latest.

4. The temporary measures shall not be introduced for the products if three or more years passed from the entry into force or abolition of all duties, quantitative restrictions or charges or measures having equal effect in relation to that product.

5. The Contracting Party concerned shall inform the Joint Committee on any temporary measure it intend to take and shall hold consultations within Joint Committee on those measures and sectors to which they apply prior to their introduction. When taking such measures, the Contracting Party concerned shall provide the Joint Committee with a schedule for a phasing out of these duties 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 28

Re-export and serious shortage

Where compliance with the provisions of Articles 6 and 8 leads to:

(a) re-export towards a third country against which the exporting Contracting Party maintains for the product concerned quantitative export restrictions, export duties, measures or charges having equivalent effect, or
(b) serious shortages, or threat thereof, of a product essential to the exporting Contracting Party;
and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Contracting Party, that Contracting Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 30 to this Agreement.

Article 29

Fulfilment of obligations

1. The Contracting Parties shall take any general or specific measures required to fulfil their obligations under this Agreement. They shall see to it that the objectives set out in this Agreement are attained.
2. If a Contracting Party considers that the other Contracting Party has failed to fulfil an obligation under this Agreement, the Contracting Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 30 to this Agreement.

Article 30

Procedure for the application of safeguard measures

1. Before initiating the procedure for the application of safeguard measures set out in the following paragraphs of this Article, the Contracting Parties shall endeavour to solve any differences between them through direct consultations.
2. In the event of a Contracting Party subjecting imports of products liable to give rise to the situation referred to in Article 27 to this Agreement to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other Contracting Party.
3. Without prejudice to paragraph 7 of this Article, a Contracting Party which considers resorting to safeguard measures shall promptly notify the other Contracting Party thereof and supply all relevant information. Consultations between the Contracting Parties shall take place without delay within the Joint Committee with a view of finding a solution acceptable to the Contracting Parties.
4. a) With regard to Articles 25,26 and 28 of this Agreement, the Joint Committee shall examine the case or

situation and may take any decision needed to put an end to the difficulties notified by the Contracting Party concerned. In the case of the absence of such decision within thirty days of the matter being referred to the Joint Committee, the Contracting Party concerned may adopt the measures necessary in order to remedy the situation.

b) As regards Article 30 of this Agreement, the Contracting 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 first written notice to the other Contracting party.

c) With regard to Articles 21 and 22 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 60 days of the matter being referred to it, the Contracting 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 Contracting Party. They shall be limited with regard to the 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.

The measures taken by a Contracting Party against an action or an omission of the other Contracting Party may only affect the trade with that Contracting Party.

6. 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.

7. Where exceptional circumstances requiring immediate action make prior examination impossible, the Contracting Party concerned, may, in the cases of Articles 25,26 and 28 of this Agreement, apply the provisional measures strictly necessary to remedy the situation. The measures taken shall be notified without delay to the other Contracting Party and consultations between the Contracting Parties shall take place as soon as possible.

Article 31

Balance of payment difficulties

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

2. Where one of the Contracting Parties is in serious balance of payments difficulties, or under imminent threat thereof, the Contracting Party concerned may, in accordance with the conditions established under the General Agreement on Tariffs and Trade 1994 adopt restrictive measures, including measures related to imports, which shall be of a 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 condition no longer justify their maintenance. The Contracting Party concerned shall inform the other Contracting Party forthwith of their introduction and, whenever practicable, of the schedule of their phasing out.

Article 32

Evolutionary clause

1. Where a Contracting Party considers that it would be useful in the interests of the economies of the Contracting Parties to develop and deepen the relations established by this Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the other Contracting Party. The Contracting Parties may instruct the Joint Committee to examine such 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 Contracting Parties in accordance with their internal legislation.

Article 33

The Joint Committee

1. A Joint Croatian-Macedonian Committee is hereby established for the matters of economic co-operation and trade.

2. For the purpose of the proper implementation of this Agreement, the Contracting Parties shall exchange information and, at the request of any Contracting 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.

3. With the date of entry into force of this Agreement, the Joint Croatian-Macedonian Committee under Article 8, paragraph 1 of the Agreement on Trade and Economic Co-operation between the Republic of Croatia and the Republic of Macedonia of July 6, 1994 cease to operate. The issues within the competence of the said Committee shall be transferred to the Joint Committee referred to in paragraph 1 of this Article.
4. The Joint Committee referred to in paragraph 1 of this Article may take decisions in cases provided for in this Agreement. On other matters the Committee may make recommendations.

Article 34

Procedures of the Joint Committee

1. For the proper implementation of this Agreement the Joint Committee shall meet whenever necessary but at least once a year. Each Party may request that a meeting is held.
2. The Joint Committee shall act by common consensus.
3. If the representative of any Contracting 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 such subcommittees and working groups as it considers necessary to assist it in accomplishing its tasks.

Article 35

Trade relations regulated by this and other agreements

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

Article 36

Annexes, Protocols and Amendments

1. Annexes and Protocols to this Agreement are an integral part of it. The Joint Committee may decide to amend the Annexes and Protocols in accordance with the provisions of paragraph 3 of Article 35 of this Agreement.
2. Amendments to this Agreement other than those decided upon in accordance with paragraph 3 of Article 34, and

which are approved by the Joint Committee, shall be submitted to the other Contracting Party for acceptance and shall enter into force if accepted by both Contracting Parties.

Article 37
Entry into Force

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

Article 38
Provisional application

The Contracting Parties agree that before this Agreement enters into force according to Article 37, this Agreement shall start to be applied temporary, on the thirtieth day after the date of the signing of this Agreement.

Each Contracting Party may cease to temporarily apply this Agreement in the way to notify in writing through diplomatic channels the other Contracting Party. The temporary application of this Agreement ceases 6 months after the reception of such written notice.

Article 39
Validity and denunciation

This Agreement is concluded for an indefinite period of time. Each Contracting Party may denounce it through diplomatic channels by a written notification to the other Contracting Party. In such case the Agreement shall terminate on the first day of the seventh month after the date on which the notification was received by the other Contracting Party.

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

Done at Skopje, this May 9, 1997 in two duplicates in Croatian and Macedonian languages, both texts being equally authentic.

FOR THE REPUBLIC OF CROATIA
FOR THE REPUBLIC OF MACEDONIA
MEMORANDUM FOR UNDERSTANDING

1. The Contracting Parties have agreed that the competent institutions within one year from the day this Agreement

becomes effective, shall conclude special agreement referred to in Article 9 paragraph 2 of this Agreement.

2. In case of disagreement regarding the contents of Annex II of the Protocol 2 of this Agreement, the European original text of Annex II of the harmonised preferential rules for origin shall be used as competent for interpretation

3. The duties referred to in paragraph 2 and 3 of Article 3 of this Agreement in total must not exceed 1% ad valorem.

4. For the needs of this Agreement in case of abolishment of duty for customs registration of 1% in the Republic of Macedonia, the same shall be replaced with customs rate of 1%.

5. The Joint Committee within one year from the day this Agreement becomes effective shall determine the manner of implementation of Article 14 of the Protocol 2 of this Agreement.