



COMMISSION OF THE EUROPEAN COMMUNITIES

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Recommendation for a
COUNCIL DECISION

**Authorising the Commission to negotiate
a Stabilisation and Association Agreement with
the former Yugoslav Republic of Macedonia**

(presented by the Commission)

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EXPLANATORY MEMORANDUM

Relations between the former Yugoslav Republic of Macedonia and the EU are based on the Cooperation Agreement between this country and the European Community and a separate declaration on political dialogue with the European Community and its Member States, both in force since 1 January 1998.

The Council, in its conclusions of 26 April 1999 '*welcomed the intention of the European Commission to examine urgently, in the context of the regional approach and the EU contribution to a future Stability Pact, the upgrading of the contractual relations between the European union and the former Yugoslav Republic of Macedonia [...] towards an Association Agreement.*' In accordance with its proposals for a Stabilisation and Association process for countries of South-Eastern Europe¹ the Commission adopted on 16 June 1999 its Report on the Feasibility of negotiating a Stabilisation and Association Agreement with the former Yugoslav Republic of Macedonia.²

The Commission assessment concluded that the former Yugoslav Republic of Macedonia, taking into account the political and economic reforms undertaken also in the framework of the said Cooperation Agreement and relevant Community assistance, would be able to meet requirements of a Stabilisation and Association Agreement after reasonable transition periods depending on the areas concerned. On this basis, the Commission feasibility report recommended to envisage the opening of negotiations for such an agreement.

The Council, in its conclusions of 21/22 June 1999, welcomed the presentation by the Commission of this Feasibility Report and, in its conclusions of 19 July 1999, invited the Commission to present a formal recommendation for negotiating directives for a Stabilisation and Association Agreement with the former Yugoslav Republic of Macedonia.

The main elements of the proposal for negotiating directives are:

- the inclusion in the Agreement of dispositions establishing a political dialogue with the former Yugoslav Republic of Macedonia;
- the perspective of the establishment of a free trade area covering goods and services, compatible with the relevant WTO provisions, within ten years after the entry into force of the Agreement;
- provisions on the movement of workers, freedom of establishment, supply of services, current payments and movement of capital;
- the commitment by the former Yugoslav Republic of Macedonia to progressively approximate its legislation with that of the EC, notably in key areas of the internal market;
- provisions on cooperation with the former Yugoslav Republic of Macedonia in a wide range of fields, including justice and home affairs.

¹ COM (99) 235 of 26 May 1999.

² COM (99) 300 of 16 June 1999.

Although it is clear that the scope of these negotiating directives cover both matters of Community competence and matters of Member States' competence (CFSP and JHA), which will ultimately lead to an agreement of a mixed character, it is suggested that the negotiation is treated, for practical reasons, according to constant practice, as an integrated exercise. The Commission therefore recommends that the Council authorise it to negotiate a Stabilisation and Association Agreement in accordance with the draft directives annexed hereto, and appoint a special committee aimed at assisting the Commission in its task.

**DRAFT NEGOTIATING DIRECTIVES FOR A
STABILISATION AND ASSOCIATION AGREEMENT
WITH THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

1. NATURE OF THE AGREEMENT

The aim of the negotiation is to conclude a Stabilisation and Association Agreement with the former Yugoslav Republic of Macedonia. It will be a preferential Agreement, designed to contribute to economic and political stabilisation of the country and in the region and to establish a close, long-term association between the contracting parties.

This Agreement will replace the Cooperation Agreement between the European Community and the former Yugoslav Republic of Macedonia that entered into force on 1 January 1998. It will run for an indefinite period. Relations in inland transport will continue to be covered by the Transport Agreement between the Parties.

The Agreement will include the usual provisions governing entry into force, the period required for revocation and the authenticity of the various language versions.

2. SCOPE OF THE AGREEMENT

The Agreement is intended to govern the political, economic and trade relations between the parties. It will include provisions on political dialogue, cooperation, assistance and necessary institutional arrangements for its application.

3. CONTENT OF THE AGREEMENT

3.1. Preamble

The preamble will contain references to the context of the Stabilisation & Association Agreement, its main objectives, general commitments by both parties, and an evolutionary clause.

3.2. General Principles

1. Respect for human rights, democratic principles, international law principles and the rule of law, notably the respect for and protection of minorities, as defined by the UN Charter, the Helsinki Final Act, the Charter of Paris for a New Europe, and those of the market economy inspire the domestic and external policies of the European Community and the former Yugoslav Republic of Macedonia, and constitute an essential element of this Agreement.
2. The commitment by the former Yugoslav Republic of Macedonia and the European Union to international and regional peace and stability, the development of good neighbourly relations are central to the stabilisation and association process.

3. Reference to the former Yugoslav Republic of Macedonia's readiness to enter into cooperation and good neighbourly relations with the other countries of the region including an appropriate level of mutual concessions concerning the movement of persons, goods, capital and services as well as the development of projects of common interest. This readiness constitutes an essential factor in the development of the relations and cooperation between the Community and the former Yugoslav Republic of Macedonia and thus contributes to regional stability.
4. Association will be fully achieved at the end of a transition period lasting no more than 10 years and divided into two successive stages, the length of which will be established at the negotiations. The purpose of this division into successive stages is to implement progressively the provisions of the Stabilisation & Association Agreement, depending on the progresses in each of the areas concerned, which will allow to concentrate during the first stage on the essential elements of certain fields covered by the Agreement. This first stage will begin when the Agreement enters into force. The Stabilisation and Association Council (SAC), mindful of the centrality to the Agreement of market economy principles, will regularly review the application of the Agreement and the former Yugoslav Republic of Macedonia's economic reforms in the light of the principles laid down in the preamble. In the course of the twelve months preceding the expiry of the first stage, the Stabilisation and Association Council shall meet to decide on the transition to the second stage as well as on any possible changes to be brought about as regards the content of the provisions governing the second stage. In doing so, it will take into account the results of the above-mentioned review. The two stages referred to above will not apply to the free movement of goods.
5. The Agreement shall be fully compatible with the relevant WTO provisions, in particular Article XXIV of the GATT 1994 and Article V of the GATS.

3.3. Political Dialogue

1. The intention will be that political dialogue with the former Yugoslav Republic of Macedonia will be developed and stepped up. It will back up and consolidate the rapprochement between the European Community, its member States and the former Yugoslav Republic of Macedonia, support the political and economic changes under way in that country and contribute to the establishment of new ties of solidarity. The Agreement will make suitable provision for political dialogue, which will have three main aims:
 - it will facilitate the former Yugoslav Republic of Macedonia's full integration into the community of democratic nations and gradual rapprochement with the European Union;
 - it will bring about increasing convergence in positions on international issues, and in particular on those issues likely to have substantial effects on one or other party, including on the basis of relevant CFSP acquis;
 - it will contribute to regional cooperation and to foster good neighbourly relations in the region and thus contribute to regional stability, including in the framework of the Cologne Stability Pact for South-Eastern Europe;

Political dialogue should in particular be organised as regional dialogue, including other countries of the region.

2. At ministerial level, political dialogue will take place within the SAC, which will have general responsibility for any issue the parties might wish to put to it, or with the Troika, as appropriate.
3. Political dialogue at parliamentary level will take place within the Joint Parliamentary Committee, also on a regional level.
4. Meetings at political director level between officials of the former Yugoslav Republic of Macedonia and those of the Presidency and the Commission may be arranged at the request of either party in order to discuss specific bilateral political issues.
5. Other procedures for political dialogue with the former Yugoslav Republic of Macedonia will be set up and evolve from those already in existence. They will take the following forms in particular:
 - full use of diplomatic channels;
 - any other means which would make a useful contribution to consolidating, developing and stepping up this dialogue;

3.4. Regional Cooperation

3.4.1. Cooperation with other countries in the region

In line with the former Yugoslav Republic of Macedonia's commitment to international and regional peace and stability, and to the development of good neighbourly relations, the country will foster its cooperation with the other countries of the region, in all the fields of cooperation covered by this Agreement, and notably those of common interest. The European Community assistance under the PHARE programme or within a new financial framework to replace PHARE will go in priority to projects having a regional dimension.

3.4.2. Cooperation with other countries having signed a Stabilisation and Association Agreement with the EU

As soon as at least one Stabilisation and Association Agreement will have entered into force with another of the countries concerned by the Stabilisation and Association Process, the former Yugoslav Republic of Macedonia shall start negotiations with the country or the countries concerned with a view to conclude a convention on regional cooperation.

The main elements of this convention on regional cooperation, the aim of which will be to enhance concretely the scope of cooperation between the countries parties to a Stabilisation & Association Agreement with the EU, will be:

- political dialogue between the parties to the convention;
- the establishment of free trade areas between the parties, consistent with relevant WTO provisions;

- an appropriate level of mutual concessions concerning the movement of persons, capital and services;
- provisions on cooperation in the fields covered by this Agreement, and notably those of common interest.

This convention will contain provisions for the creation of the necessary institutional mechanisms, as appropriate.

This convention on regional cooperation shall be concluded within three years after the entry into force of at least the second Stabilisation and Association Agreement. Its conclusion will be a condition to the further development of the relations between the former Yugoslav Republic of Macedonia and the EU.

3.5. Free Movement of Goods

During a transition period of not more than 10 years, the Community and the former Yugoslav Republic of Macedonia will gradually establish a free trade area based on reciprocal and balanced obligations, governed by the provisions of the Agreement and in conformity with Article XXIV of the GATT 1994 and other relevant WTO provisions.. The Community will move faster along this path than the former Yugoslav Republic of Macedonia, notably regarding industrial products originating in the former Yugoslav Republic of Macedonia, which in principle already enjoy duty-free access to the Community (certain products are currently subject to tariff ceilings or quotas under Annexes C, D, E and Annex 1 of the Cooperation Agreement).

The former Yugoslav Republic of Macedonia should use the Combined Nomenclature for the classification of goods in trade between the parties.

The basic duties to which the successive reductions are to be applied shall be those actually applied by the former Yugoslav Republic of Macedonia erga omnes on the day before the signing of the Agreement. If, after the Agreement's entry into force, a tariff reduction is applied erga omnes, it will replace the basic duties referred to above, and successive reductions shall be calculated according to these new base rates.

However, the agreement should not affect the ability of the former Yugoslav Republic of Macedonia during the transition period to grant preferential treatment, going beyond that extended to imports from the Community, to imports from other countries covered by the EU's Stabilisation and Association Process in South-Eastern Europe, including Bulgaria, in order to promote regional trade.

The former Yugoslav Republic of Macedonia will establish the same trade regime with respect to Turkey as with the EU before the end of the transition period. In line with Decision 1/95 on Customs Union, the EC will consult Turkey on the negotiating mandate at an early stage since Turkey is required to align to the EC preferential trade arrangements.

During the negotiations, the EU and the former Yugoslav Republic of Macedonia will examine the relevance of concluding an Interim Agreement including the provisions on free movement of goods of the Stabilisation & Association Agreement.

3.5.1. Trade in industrial products

All quantitative restrictions and measures having equivalent effect will be abolished on the agreement's entry into force. The provisions of this section will apply to all products originating in the Community and the former Yugoslav Republic of Macedonia listed in Chapters 25 to 97 of the Combined Nomenclature except for those listed in an Annex to the Agreement (identifying those products considered to be agricultural rather than industrial).

3.5.1.1. Imports into the Community

The provisions of free trade in industrial products will apply to all products originating in the Community and the former Yugoslav Republic of Macedonia listed in Chapters 25 to 97 of the Combined Nomenclature except for those listed in an Annex to the Agreement.

Duties and quantitative restrictions and any measures having equivalent effect on imports shall be eliminated on entry into force of the agreement except as provided below:

- (a) upon entry into force of the Agreement, the Community will confirm the removal of remaining tariff ceilings begun under the present Cooperation Agreement;
- (b) the Community will retain an agricultural element in the duties applicable to processed agricultural products not covered by Annex I to the EC Treaty, listed in the Chapters 25 et seq. of the Combined Nomenclature.

3.5.1.2. Imports into the former Yugoslav Republic of Macedonia

The following tariff measures will be provided for:

- (a) customs duties on imports into the former Yugoslav Republic of Macedonia of goods originating in the Community will be phased out;
- (b) upon entry into force of the agreement, the former Yugoslav Republic of Macedonia will abolish all customs duties on a list of non-sensitive products to be included in an annex;
- (c) the former Yugoslav Republic of Macedonia will phase out duties applicable to products listed in other annexes to the Agreement according to timetables to be negotiated in the light of the product's sensitivity. All customs duties must be abolished by the end of the transition period.

3.5.1.3. Measures common to both parties

Upon entry into force of the Agreement, the parties will abolish as between themselves all charges having an effect equivalent to customs duties on imports unless otherwise specified.

The parties will abolish, on the Agreement's entry into force, all customs duties on exports and charges having equivalent effect and all quantitative restrictions on exports and measures having equivalent effect. All quantitative restrictions and

measures having equivalent effect will be abolished on the agreement's entry into force, except where otherwise specified.

3.5.1.4. Special arrangements

- Textiles

Trade in textile products will be governed by an additional protocol to the Agreement, incorporating all the measures contained in the current agreement.

- Iron and steel products

An additional protocol on iron and steel products will include special provisions similar to those of comparable agreements regarding state aids and the rules governing competition by enterprises in this sector including a double-checking system contained in the current protocol on iron and steel products to the Cooperation Agreement.

It will stress the exceptional character of aid for restructuring and the fact that such aid cannot extend beyond five years. It will take account of the fact that in the Community such aid is linked to capacity reductions.

- Processed agricultural products

Processed agricultural products covered by Chapters 1 to 24, regarded for the purposes of the Agreement as "agricultural products", will be dealt with in an additional protocol which will take into account of their industrial and agricultural aspects. The Community dispositions in force will not be obstructed by the reciprocal concessions made in the Agreement regarding processed agricultural products not listed in Annex I to the Treaty establishing the European Community.

Concessions granted under the present Cooperation Agreement will be confirmed and possibly extended.

3.5.2. *Trade in agricultural and fishery products*

The provisions of this heading will apply to agricultural and fishery products originating in the former Yugoslav Republic of Macedonia and in the Community. The term "agricultural products" means the products covered by Chapters 1 to 24 of the Combined Nomenclature and the products in Chapters 25 to 97 which are referred to in Annex I of the Agreement on Agriculture (GATT 1994), with the exception of fishery products. The definition of 'fishery products' shall be that set out in Regulation (EEC) No 3687/91.

The approach to concessions on agricultural and fishery products will be similar to that found in other comparable agreements.

On entry into force of the Agreement, the Community will abolish all quantitative restrictions and measures having an equivalent effect affecting imports of agricultural and fishery products originating in the former Yugoslav Republic of Macedonia.

On entry into force of the Agreement, the former Yugoslav Republic of Macedonia will abolish any quantitative restrictions or measures having equivalent effect on imports of agricultural and fishery products originating in the Community.

The Community and the former Yugoslav Republic of Macedonia will accord each other concessions on a reciprocal and harmonious basis on the terms laid down in two annexes. The concessions will be calculated using the methods laid down in the Europe Agreements.

The GSP will no longer be applicable, but the concessions accorded under it will be bound and confirmed under the Agreement. Customs duties and levies on agricultural and fishery products originating in the former Yugoslav Republic of Macedonia listed in an annex will benefit on the entry into force of the agreement from a reduction within the limits of the tariff quotas and ceilings set out in that annex.

The concessions granted under the Cooperation Agreement between the EC and the former Yugoslav Republic of Macedonia will be maintained and possibly extended, in order to reach full liberalisation for certain agricultural and fishery products.

Taking account of the volume of the trade between the EC and the former Yugoslav Republic of Macedonia in agricultural and fishery products, its particular sensitivity, the rules of the Community's common agricultural policy, the role of agriculture and fisheries in the economy of the former Yugoslav Republic of Macedonia and the consequences of the multilateral trade negotiations under the WTO, the Community and the former Yugoslav Republic of Macedonia will examine in the Stabilisation and Association Council, product by product, the scope for granting each other further concessions on reciprocal basis.

The Agreement will include a safeguard clause permitting the adoption, if bilateral consultations have failed to resolve the problem, of arrangements or trade defence measures in the event of serious disturbance to the market of either party as a result of imports of products subject to concessions made under the Agreement. Should safeguard measures be adopted, account will be taken of the significance of the product or products concerned on the Community markets. Any such provisions will be in conformity with relevant WTO rules.

Concessions granted by the parties on trade in fishery products will be listed in supporting annexes.

3.5.3. *Additional General Provisions*

In order to ease the process of progressive liberalisation referred to in points 3.4.1 and 3.4.2, the Agreement should provide for additional general provisions that will cover all products, except where otherwise provided in the wording of these provisions or the protocols on textile or iron and steel products.

3.5.3.1. Standstill

Without prejudice to the parties' present or future agricultural policies and save for exceptions agreed by them (including, on the Community side, a safeguard clause for textiles and clothing, which provides for quantitative restrictions imposition under certain conditions towards the former Yugoslav Republic of Macedonia until its

WTO accession), no new duty or charge with equivalent effect and no new quantitative restriction or measure with equivalent effect will be introduced in trade between the Community and the former Yugoslav Republic of Macedonia, and those already applied may be neither increased nor made more restrictive from the day before the start of negotiations.

3.5.3.2. Non-discrimination

The parties will refrain from any domestic tax measure or practice and abolish existing ones which discriminates directly or indirectly between the products of one contracting party and like products originating in the other.

Products exported to the other party's territory may not benefit from repayment of internal taxation in excess of the amount of direct or indirect taxation imposed on them.

The trade arrangements of the former Yugoslav Republic of Macedonia with third parties may not result in discrimination against the Community.

3.5.3.3. Customs unions, free trade areas and arrangements for frontier trade

The Agreement will include a clause similar to that in other association agreements. These other agreements and arrangements will all be in conformity with relevant WTO rules.

3.5.3.4. Special clauses and procedures

The Agreement will include a dumping clause, a countervailing clause, a general safeguard clause, a "shortage" clause comparable to those found in similar agreements, and provisions on the procedures governing safeguard measures.

3.5.3.5. Preferential rules of origin and methods of administrative cooperation

A protocol defining the term "originating product", setting out methods of administrative co-operation and offering Pan-European Diagonal Cumulation will be annexed to the Agreement.

3.5.3.6. Restrictions

The Agreement will not preclude the enforcement of prohibitions or restrictions on imports, exports or goods in transit referred to in Articles 30, 296 and 297 of the EC Treaty.

3.6. Movement of Workers, Establishment, Services, Capital

3.6.1. *Movement of workers*

The agreement will, subject to the conditions and procedures applicable in each Member State, ensure that neither party discriminates against the other's nationals, legally employed in its territory. Similar provisions will govern the access to the labour market of the spouses and children of these workers, subject to the provisions found in similar agreements.

The parties will adopt the rules necessary for the co-ordination of social security system for workers with nationality of the former Yugoslav Republic of Macedonia, legally employed in the territory of a Member State, and for the members of their families legally resident there. These provisions, will ensure that:

- all periods of insurance, employment or residence completed by such workers in the various Member States are added together;
- any pensions or annuities in respect of old age, death, industrial accident or occupational disease, or of invalidity resulting therefrom, with the exception of non-contributory benefits, are freely transferable at the rate applied by virtue of the law of the debtor Member State or States;
- the workers in question receive family allowances for the members of their families;
- a reciprocity clause will be included in the Agreement.

A decision will be needed to put these provisions in place; this decision should not require the abolition of bilateral agreements where the latter provide for more favourable treatment.

3.6.2. *Establishment*

An approach to the freedom of establishment similar to that found in comparable agreements would incorporate the following main components:

- the Community and the former Yugoslav Republic of Macedonia would, upon entry into force of the Agreement, grant each other national treatment or MFN status, whichever was the more advantageous, with regard to the establishment and operations of companies or citizens;
- the former Yugoslav Republic of Macedonia would, if necessary, be allowed a transition period in a limited number of sectors, to be defined in an Annex to the Agreement;
- notwithstanding the general provisions on the free movement of workers, the beneficiaries of the right of establishment accorded by the former Yugoslav Republic of Macedonia and the Community respectively will be entitled, in accordance with the legislation in force in the host country of establishment, to employ, or have employed by one of their establishments there, employees who are nationals of Community Member States and the former Yugoslav Republic of Macedonia respectively, provided that such employees are key personnel;
- special provisions concerning land and air transport;
- provisions on Community shipping firms identical to those featuring in similar agreements.

3.6.3. *Supply of services*

An approach similar to that found in comparable agreements could be applied to the supply of services between the Community and the former Yugoslav Republic of Macedonia. The Agreement shall provide for a progressive and reciprocal liberalisation of trade in services, consistent with the relevant WTO rules, in particular Article V of the GATS, and taking due account of the commitments undertaken by the parties within the framework of that agreement. Any transitional period should in principle not exceed ten years. The agreement would include the following main components:

- companies not established in the territory of the other party will gradually acquire the right to provide services, in accordance with the GATS provisions and taking account, in particular, of progress in approximation of laws in the various fields;
- the Stabilisation and Association Council will monitor the implementation of this liberalisation and notably the progress made in the field of financial services (the banking reform, the strengthening of the supervisory structures, the legislation regarding securities and the Stock Exchange);
- air transport provisions similar to comparable agreements; the inclusion of conditions relating to accession to the European Common Aviation Area Agreement (ECAA) may be considered;
- relations between the Community and the former Yugoslav Republic of Macedonia in regard to land transport are governed by the current transport agreement, which remains in force. The Stabilisation & Association Agreement will make reference to the transport agreement and will confirm its fundamental principles of free transit and non-discrimination;
- as regards maritime transport, the application of the principles of unrestricted access, on a commercial basis, to the international maritime market and traffic.

3.6.4. *Current payments and movement of capital*

Free movement of capital is an essential feature of an integrated market, from which the former Yugoslav Republic of Macedonia too will benefit as soon as its competitiveness allows. The Agreement will include the commitment by the former Yugoslav Republic of Macedonia to achieve full convertibility of its currency in the sense of Article VIII of IMF, the liberalisation of direct investments (including the acquisition of domestic real estate by non-residents), the protection of investors (liquidation or repatriation of investments, repatriation of profits stemming therefrom). The Agreement should provide for a step-by-step approach.

The Agreement will include a standstill clause, and a development clause providing for further liberalisation of capital movements in the medium term.

All provisions relating to the movement of capital will be based on the principle of reciprocity.

3.6.5. *General provisions*

The general provisions, including tax provisions, will be modelled on those of similar agreements.

3.7. *Approximation of Laws and Law Enforcement*

The Agreement will contain provisions on the gradual approximation of the existing legislation of the former Yugoslav Republic of Macedonia to that of the Community. Any future legislation of the former Yugoslav Republic of Macedonia should be adopted on the same principle.

This gradual approximation of laws will take place in two stages. During the first stage, starting on the date of entry into force of the Agreement and lasting as explained in 3.2.4., the former Yugoslav Republic of Macedonia will ensure that its laws will be made compatible with the fundamental elements of the Acquis, notably in key areas of the Internal Market legislation, along a programme to be defined in co-ordination with the European Commission. During the second stage, commencing at the end of the first stage, the former Yugoslav Republic of Macedonia will approximate its laws with the remaining elements of the Acquis.

The Agreement will contain provisions concerning the monitoring of the implementation of approximation of legislation and law enforcement actions to be taken, including reform of the judiciary. Deadlines will be set for competition law, intellectual property law, standards and certification law, and public procurement law. Legal approximation in other sectors of the internal market will be an obligation to be met at the end of the transition period.

Within the first stage, the former Yugoslav Republic of Macedonia will introduce measures to ensure protection of individuals with regard to the processing of personal data, in line with the EC requirements.

Cooperation between parties will also involve the adjustment of legislation in the former Yugoslav Republic of Macedonia concerning working conditions and equal opportunities for women and men.

Legal approximation and enforcement, and the assistance that the Community might provide, will be dealt with in the context of measures of economic and industrial cooperation, notably through the support for institution building and support for institutional, public administration and civil service reform. It will also be implemented by:

- regular discussions and information meetings to be held on the laws in force or being drafted;
- a contribution to the preparation of glossaries and the translation of Community legislation.

3.7.1. Competition

3.7.1.1. Competition including state aid

Provisions on competition will be modelled on those of comparable agreements. They will, in particular, include:

- provision for transparency in the area of state aid, including *inter alia* annual reporting;
- competition rules based on Articles 81, 82 and 87 of the EC Treaty as well as provisions on public undertakings, and undertakings to which special or exclusive rights have been granted. The Stabilisation and Association Council will ensure that these provisions are applied within five years of the Agreement's entry into force;
- the right of either party to take appropriate measures, including measures under the WTO, if it feels that practices are incompatible with the terms of the Agreement.

3.7.1.2. State Monopolies

Provision will be made for the adjustment of state monopolies of commercial character, so as to ensure that no discrimination exists between the parties regarding the conditions under which goods are marketed.

3.7.1.3. Public undertakings

Within three years of the Agreement's entry into force, the former Yugoslav Republic of Macedonia will apply to public undertakings the principles set out in the Treaty establishing the European Communities, with particular reference to Article 86, and in the concluding document of the 1990 Bonn meeting of the Conference on Security and Cooperation in Europe.

3.7.2. Intellectual, industrial and commercial property

The former Yugoslav Republic of Macedonia will introduce all measures necessary to ensure effective and adequate protection for and enforcement of intellectual, industrial and commercial property rights, including protection against counterfeiting and pirating, so as to guarantee a level of protection comparable to that existing in the Community not later than five years after the entry into force of the Agreement and to accord treatment to Community companies and nationals no less favourable than that afforded to third countries under bilateral Agreements from the entry into force of the Agreement. The former Yugoslav Republic of Macedonia undertakes to ratify or accede to the multilateral conventions in this field to which it is not yet party, on condition that the Member States of the Community are parties to them or apply them de facto.

3.7.3. Public contracts

Provisions for access to public contracts will be the same as those in comparable agreements, namely:

- from entry into force of the Agreement, the Community will accord any company from the former Yugoslav Republic of Macedonia, whether or not established in the Community, access to public contracts on terms no less favourable than those accorded to Community companies;
- five years after the entry into force of the Agreement, the former Yugoslav Republic of Macedonia will accord Community companies not established in the former Yugoslav republic of Macedonia access to public contracts on terms no less favourable than those applicable to the companies in the former Yugoslav Republic of Macedonia.

3.7.4. *Standardisation and conformity assessment*

Provisions in this area will aim in particular:

- at reducing differences in standardisation and conformity assessment: promoting the use of Community standards, tests and certification procedures, as well as the possibility of concluding European Conformity Assessment Protocols where appropriate;
- at fostering the development of standardisation and conformity assessment infrastructures;
- at encouraging the former Yugoslav Republic of Macedonia's participation in the work of specialised organisations (CEN, CENELEC, ETSI).

3.8. Cooperation in Justice and Home Affairs

3.8.1. *Asylum, immigration, control of external borders, visa issues*

The parties will set-up a framework for the cooperation, including at a regional level, in the field of asylum (legislation, issues of procedures), migration (legal/illegal), control of external borders and visa issues.

A main element of the parties' co-operation in the area of preventing and controlling illegal immigration will be the inclusion of provisions on readmission. These provisions will *inter alia* address the issues of:

- which categories of persons should be readmitted (own nationals, third country nationals, stateless persons);
- transit rules;
- and elements of procedure (e.g. as regards identification including burden of proof, issuing of necessary travel documents, time limits and data protection).

Adequate financial and technical assistance will be provided, within the framework of the appropriate procedures and the financial resources available, to improve the capability of the competent authorities of the former Yugoslav Republic of Macedonia, to prevent illegal immigration and to frustrate the activities of organised crime in this field, including the development of effective border management and frontier control systems.

3.8.2. *Cooperation in crime and illegal activities prevention*

The parties will establish a framework for cooperation aimed at fighting and preventing criminal and illegal activities, notably organised crime, such as:

- illegal trafficking in human beings;
- illegal economic activities, and in particular corruption and illegal transactions involving goods such as industrial waste, radioactive material, and counterfeit products;
- illegal trafficking in drugs and psychotropic substances;
- illegal trafficking of small arms.

Cooperation in the above matters will be the subject of consultations and close co-ordination between the parties.

There will be technical and administrative assistance for:

- the drafting of national legislation in the field of crime prevention;
- the establishment of information centres;
- enhancing the efficiency of the institutions charged with fighting and preventing crime;
- staff training and the development of investigative facilities;
- the formulation of mutually acceptable measures to prevent crime.

3.8.3. *Money laundering, drugs*

The parties will establish a framework for the cooperation aimed at preventing the use of their financial systems for laundering of proceeds from criminal activities in general and drug offences in particular. The cooperation in this area includes administrative and technical assistance aimed at establishing appropriate standards to counter money laundering which are equivalent to those adopted by the Community and other international bodies in this field, in particular the Financial Action Task Force (FATF).

The parties will set up a cooperation framework to facilitate the task of coping with the health and social consequences of different forms of drug abuse, controlling the trade in drugs and their chemical and pharmaceutical precursors, and introducing and/or reinforcing structures for combating the drugs' trade. Cooperation will take the form inter alia of the exchange of information, the co-ordination of policies and operations, and financial and technical assistance to the former Yugoslav Republic of Macedonia.

3.9. *Cooperation Policies*

Policies designed to bring about economic and social development, especially those concerned with industry, investment, agriculture, energy, transport, regional

development and tourism should be guided by the principle of sustainable growth. This entails ensuring that social and environmental considerations are fully incorporated into such policies from the outset. These policies must also take into account the requirements of sustainable social development and underpin the further development of a democratic and pluralistic society.

Finally, cooperation policies shall be integrated into a regional framework of cooperation. Special attention will have to be devoted to measures that can foster cooperation between the former Yugoslav Republic of Macedonia and its neighbouring countries including Member States, thus contributing to regional stability.

In the course of the negotiations, the cooperation policies described below may be divided into two successive stages as referred to in 3.2.4. These two stages will reflect the need to focus during the first stage on the fundamental elements of a given area of cooperation, as appropriate.

3.9.1. Economic, monetary and statistical cooperation

The Community and the former Yugoslav Republic of Macedonia will facilitate reform and economic integration by means of cooperation aimed at improving understanding of the basic elements of their respective economies and the formulation and application of economic policy in market economies.

To this end, the following activities are planned:

- the exchange of information on macroeconomic performance and forecasts and development strategies;
- the joint analysis of economic issues of mutual interest, including the formulation of economic policy and the instruments for its application;
- the promotion, of broader cooperation between economists and executives in the Community and the former Yugoslav Republic of Macedonia in order to speed transfer of know-how for the drafting of economic policies and make widely available research results of relevance to economic policy.

The Community will provide assistance to support the former Yugoslav Republic of Macedonia's efforts to introduce full convertibility of the Denar and gradually approximate its policies to those of the European Monetary Union. This will include the informal exchange of information concerning the principles and functioning of the European Monetary Union.

Other fields of economic cooperation may include:

- the strengthening of market economy institutions;
- the strengthening of the National Audit Office;
- development of accounting procedures and full application of legislation;
- The reform of the pension system.

Statistical cooperation will be aimed at supporting the National Statistical Institute (NSI) of the Former Yugoslav Republic of Macedonia to provide, in due time and form, reliable and accurate statistical data needed to plan and monitor structural reform. It should also enable the NSI to better meet the needs of the customers in the country (government, public institutions, and private sector).

Statistical cooperation will be geared to:

- strengthening the role of the NSI inside the public sector and improve its institutional framework in order to enable the Statistical Office to provide appropriate, relevant and officially recognised statistics to policy- and decision-makers;
- supporting the development of a sustainable statistical system, which will be able to comply with the *acquis communautaire* in the field of statistics in the longer term;
- adopting international and in particular the European standards and classifications;
- supporting the improvement of the technical infrastructure necessary to carry out statistical surveys;
- delivering the required assistance to support and monitor the economic reforms;
- providing the private sector with relevant and suitable macro and micro-economic data;
- ensuring the confidentiality of data.

Cooperation will include making available European methodology and concepts to the NSI and a technical assistance programme, which could involve:

- the organisation of seminars, study visits and consultancy work;
- the organisation of training schemes, including long term secondments of statisticians from the Former Yugoslav Republic of Macedonia to Eurostat or Member States' Statistical Offices;
- the participation in pilot projects;
- technical support to the NSI in terms of human resources, equipment and logistics;
- assistance for carrying out large and costly survey operations like the population census, the agrocensus, a census on small and medium enterprises and the like;
- the organisation of management consultancy;
- support for an appropriate and efficient dissemination policy and infrastructure.

3.9.2. Industrial and investment promotion cooperation

3.9.2.1. Investment promotion and protection

Cooperation between the parties in the field of investment promotion and protection will aim to bring about a favourable climate for private investment, both domestic and foreign, which is so essential to economic and industrial reconstruction in the former Yugoslav Republic of Macedonia.

The particular aims of cooperation will be:

- establishment by the former Yugoslav Republic of Macedonia of a legal framework conducive to investment, in particular through the conclusion of agreements for the promotion and protection of investment between the Member States and the former Yugoslav Republic of Macedonia;
- implementation of suitable arrangements for the transfer of capital;
- improvement of investment protection;
- exchange of information on investment opportunities in the form of trade fairs, exhibitions, trade weeks and other events.

3.9.2.2. Industrial cooperation

Industrial cooperation between the Community and the former Yugoslav Republic of Macedonia will be aimed at promoting in particular:

- the Community's participation in the former Yugoslav Republic of Macedonia's efforts to modernise and restructure its industry and individual sectors under conditions which ensure that the environment is protected;
- the establishment of new undertakings, particularly in branches of light industry, consumer goods and market services, in areas offering potential for growth.

Industrial cooperation initiatives will reflect the priorities determined by both parties. They will take into account the regional aspects of industrial development, promoting trans-national partnerships when relevant. The initiatives will seek in particular to establish a suitable framework for undertakings, to improve management know-how and to promote transparency as regards markets and conditions for undertakings.

3.9.2.3. Small and medium-sized enterprises

Cooperation between the parties will be aimed at developing and strengthening small and medium-sized enterprises (SMEs).

To this end the parties will encourage the exchange of information and know-how in the following areas:

- the establishment of legal, administrative, tax and financial conditions necessary for the setting-up and expansion of SMEs and cross-border cooperation;
- the provision of the specialised services required by SMEs (management training, accounting, marketing, quality control, etc.) and the strengthening of agencies providing such services;
- the establishment of appropriate links with Community operators to improve the flow of information to SMEs and promote cross-border cooperation (e.g. the Business Cooperation network, Euro-Info Correspondence Centres, Europartenariat, Interprise, conferences, etc.).

3.9.2.4. Tourism

Cooperation between the parties in the field of tourism will be aimed at:

- facilitating the tourist trade;
- strengthening the flow of information (thorough international networks, databanks, etc.);
- transferring know-how (through training, exchanges, seminars);
- studying the opportunities for joint operations (cross-border projects, town twinning, etc.);
- introducing computerised booking and information systems in the former Yugoslav Republic of Macedonia and consumer protection standards for tourists.

3.9.3. *Customs and taxation*

The parties will establish cooperation in the customs field with a view to guaranteeing compliance with the provisions to be adopted in the area of trade and fair trading and approximating the system of the former Yugoslav Republic of Macedonia to that of the Community, thereby helping pave the way for the liberalisation measures planned under this Agreement. To this end the parties are planning the following measures:

- the exchange of information;
- the organisation of seminars and placements, and technical assistance;
- the development of cross-border infrastructure;
- linking up the transit system of the Community and the former Yugoslav Republic of Macedonia and the adoption and use of the single administrative document in the former Yugoslav Republic of Macedonia;
- the improvement and simplification of the customs control of goods.

The parties will develop mutual administrative assistance in the customs field under a specific protocol based on that of similar agreements.

Cooperation in the field of taxation will include measures supporting the reform of the fiscal system (introduction of VAT), the restructuring of tax services in order to ensure effectiveness of tax collection, and the fight against fiscal fraud.

3.9.4. *Social policy cooperation, education and training*

3.9.4.1. Employment

The parties will facilitate reform of employment policy, in the context of strengthened economic reform and integration, through improving understanding of the elements of their respective labour markets and the formulation and delivery of employment policy.

To this end, the following activities are envisaged:

- the exchange of information on experiences in the development of employment policy, on employment performance and trends and employment strategies. This may lead to a joint analysis of employment issues of mutual interest, including the formulation and delivery of employment policy;
- co-operation between the parties will also focus on upgrading the job-match, job-finding and careers advisory services to ensure enhanced adaptability in the context of restructuring in agriculture and industry.
- exchange of information and provision of information on best practice and experience in implementing local development strategies, particularly in the context of regions experiencing structural changes.

3.9.4.2. Social security

Cooperation between parties in the field of social security will involve the adjustment of social security systems to the changing economic and social situation, primarily by providing the services of experts and information and training.

3.9.4.3. Legislation on working conditions and equal opportunities

Cooperation between parties will involve the adjustment of legislation in the former Yugoslav Republic of Macedonia concerning working conditions and equal opportunities for women and men.

3.9.4.4. Education and training

The Tempus programme will contribute to strengthen the cooperation between the two parties in the field of education and training, promoting democracy, the rule of law and economic reform.

Cooperation will focus in particular on the following activities in priority areas agreed with the national authorities:

- reform of universities and their management, including the setting up of new structures to strengthen links between universities and other social and economic players;
- update existing courses and develop new ones;
- support the development of crucial administrative and other non-academic structures of the society through institution-building activities;
- promote student mobility in the framework of networks of universities, institutions, industries and companies.

The European Training Foundation will also contribute to the upgrading of training structures and activities in the former Yugoslav Republic of Macedonia.

3.9.5. Cultural cooperation, information and audio-visual media

3.9.5.1. Cultural cooperation

The parties undertake to promote cultural cooperation. This cooperation serves *inter alia* to raise mutual understanding and esteem between individuals, communities and peoples. Where appropriate, cultural cooperation programmes set up by the Community or one or more Member States may be extended to the former Yugoslav Republic of Macedonia and further activities of mutual interest developed. This cooperation could cover:

- literary translations;
- exchanges of works of art and artists;
- conservation and restoration of monuments and sites (architectural and cultural heritage);
- training in the arts;
- cultural events of a European nature;
- publicising significant cultural events.

3.9.5.2. Information and communication

The Community and the former Yugoslav republic of Macedonia will take the measures necessary to stimulate the mutual exchange of information. Priority will be given to programmes aimed at providing the general public with basic information about the Community and professional circles in the former Yugoslav republic of Macedonia with more specialised information, including, where possible, access to Community databases.

3.9.5.3. Cooperation in the audio-visual field

The parties shall cooperate to promote the audio-visual industry in Europe. Where appropriate, audio-visual support programmes set up by the Community may be

extended to the former Yugoslav Republic of Macedonia and further activities of mutual interest developed.

The parties will co-ordinate, and where appropriate, harmonise their policies on the regulation of cross-border broadcasting, paying particular attention to the matters relating to the acquisition of intellectual property rights for programmes broadcast by satellite or cable, technical standards in the audio-visual field and the promotion of European audio-visual technology.

Cooperation could include inter alia programmes and facilities for the training of journalists and other media professionals, as well as technical assistance to the media, both public and private, so as to reinforce their self-sustainability, professionalism and links with the European media .

3.9.6. *Health and safety at work*

Both parties will develop their cooperation to bring the standards of health and safety at work up to those of the Community by means of:

- the provision of technical assistance;
- the exchange of experts;
- cooperation between firms;
- information and training operations.

3.9.7. *Consumer protection*

The parties will co-operate to achieve alignment of consumer protection in the former Yugoslav Republic of Macedonia to that of the Community. Effective consumer protection is needed to ensure that the market economy functions properly, and this protection will depend on the development of an administrative infrastructure in order to ensure market surveillance and law enforcement in this field.

To that end, and in view of their common interests, the parties will encourage and ensure:

- a policy of active consumer protection, in accordance with Community law;
- the harmonisation of legislation and the alignment of consumer protection in the former Yugoslav Republic of Macedonia on that in force in the Community;
- effective legal protection for consumers in order to improve the quality of consumer goods and maintain appropriate safety standards.

Cooperation may include:

- exchange of information on dangerous products;
- the training of consumer protection specialists for the government and NGOs;

- help with the development of independent organisations intended to increase consumer awareness, particularly by providing information;
- the establishment of information and advisory centres for the settlement of disputes and the provision of legal and other advice to consumers; provision will be made for cooperation between the former Yugoslav republic of Macedonia's centres and those in the Community;
- access to consumer-protection related Community databases;
- the development of exchanges between consumer representatives.

3.9.8. *Transport*

In addition to the Agreement between the EC and the former Yugoslav Republic of Macedonia in the field of transport, the parties will develop and strengthen cooperation in the transport field, to enable the former Yugoslav Republic of Macedonia to:

- restructure and modernise transport;
- improve the free movement of passengers and goods and access to the transport market and facilities, including Community ports and airports, by abolishing administrative, technical and other obstacles,
- achieving operating standards comparable to those prevalent in the Community;
- develop a transport system compatible with and close to that of the EC.

Cooperation will comprise:

- economic, legal and technical training programmes;
- the provision of technical assistance and advice, and the exchange of information.

Cooperation will be targeted on the following priority areas:

- the establishment of consistent transport policies compatible with the Community's transport policy;
- road transport, including taxation and its social and environmental aspects;
- combined transport by road and rail;
- the management of railways and airports, including cooperation between national authorities;
- the development of road, rail, and airport infrastructure in connection with the main routes of common interest and trans-European links, notably so as to reinforce regional links;
- the harmonisation of international transport statistics;

- the upgrading of technical equipment to meet Community standards, particularly in the fields of road-rail transport, and multimodal transport;
- the promotion of joint research and technology programmes.

3.9.9. *Telecommunications and information society*

3.9.9.1. Telecommunications, postal services and broadcasting

The Parties will expand and strengthen co-operation in the telecommunications, postal and broadcasting sectors with the ultimate objective of adoption of the acquis in these sectors by the former Yugoslav Republic of Macedonia. This shall involve:

- the exchange of information on policies in the telecommunications, postal and broadcasting sectors;
- establishment of a stable and consistent regulatory framework in the former Yugoslav Republic of Macedonia for telecommunications, postal services and broadcasting;
- exchange of technical and other information and the organisation of seminars, workshops, and conferences for experts of both sides;
- training and Advisory operations;
- transfer of Technology;
- the execution of joint projects by competent bodies from both sides;
- the promotion of European standards and regulatory approaches;
- the promotion of new communications facilities, services and installations, particularly those with commercial applications.

The above mentioned operations will focus on the following priority areas:

- policy development in the telecommunications, postal and broadcasting sectors;
- the legal and regulatory aspects of telecommunications, posts and broadcasting;
- institution Building to support a liberalised environment;
- the modernisation of the former Yugoslav Republic of Macedonia's telecommunications network and its integration into European and world networks, with a focus on the improvement of telecommunications at regional level;
- cooperation within the structures of European standardisation;
- the integration of trans-European systems.

3.9.9.2. Information society and information infrastructure

The Parties shall expand and strengthen co-operation with a view to developing the Information Society and the associated information infrastructure. This shall involve:

- exchange of information on policies and programmes aimed at developing Information Society services;
- close cooperation between institutions managing current information networks (academic and/or government agencies);
- exchange of information on technologies, market needs, and other information, organisation of seminars, workshops, and conferences for experts and industrialists from both sides;
- training and advisory operations;
- joint execution of projects;
- promotion and agreement of standards, certification and testing;
- promotion of an appropriate regulatory framework;
- actions to promote the growth of information services and information infrastructure.

3.9.10. Energy

Cooperation will reflect the principles of the market economy and the European Energy Charter, and will develop with a view to gradual integration.

Cooperation will focus on the following in particular:

- formulation and planning of energy policy;
- modernisation of infrastructure, including for regional interconnection lines;
- improvement and diversification of supply;
- management and training for the energy sector;
- the development of energy resources and renewable energy;
- the promotion of energy saving and energy efficiency;
- the environmental impact of energy production and consumption;
- the formulation of framework conditions for cooperation between undertakings in the sector;
- the transfer of technology and know-how;
- the improvement of access to the energy market, including facilitation of transit;

- the restructuring of energy utilities.

3.9.11. *Agriculture and the agro-industrial sector*

Cooperation in this field will aim at modernising agriculture and the agro-industrial sector.

To this end the objectives of cooperation will include:

- development of private farms and distribution channels, methods of storage, marketing, etc.;
- modernisation of rural infrastructure (transport, water supply, telecommunications);
- improvement of productivity and quality using appropriate methods and products; training in and monitoring of the use of anti-pollution methods in connection with inputs;
- development and modernisation of processing firms and their marketing methods;
- promotion of complementarity in agriculture;
- promotion of industrial cooperation in agriculture and the exchange of know-how, particularly between the private sectors;
- development of cooperation of animal and plant health in the form of assistance for training and the organisation of controls with a view to gradual harmonisation with Community standards;
- promotion of joint ventures, particularly for cooperation on the markets of third countries.

3.9.12. *Regional and local development*

The parties will strengthen regional development cooperation, including cross-border cooperation, transnational and interregional cooperation, taking into account the future implementation of the INTERREG initiative in Member States and its impact on neighbouring countries benefiting from a Community assistance programme.

The following operations are planned in particular: joint action by regional and local authorities in the areas of regional planning, economic development, social services, etc; the exchange, in the short and medium term, of civil servants; the provision of technical assistance.

3.9.13. *Cooperation in research and technological development*

The parties will undertake to promote cooperation in research and technological development. The following will be given special attention:

- the exchange of information on the parties' policy in the field of science and technology and the organisation of joint scientific meetings (seminars and workshops);
- joint R&D ventures aimed at encouraging scientific progress and the transfer of technology and know-how;
- training activities and mobility programmes for researchers and specialists from both sides;
- the development of an environment conducive to research and the application of new technologies.

Possible cooperation under the Community's framework programme in the field of research and technological development will require specific arrangements to be negotiated and concluded in accordance with the applicable internal procedures of each party.

3.9.14. *Environment and nuclear safety*

The parties will develop and strengthen their cooperation in the vital task of combating the deterioration of the environment, in particular through the following activities:

- the exchange of information and experts, including exchanges involving the transfer of clean technologies and the safe use of environmentally friendly biotechnologies;
- programmes of training and study visits;
- cooperation at regional level and international level;
- development of strategies, particularly with regard to global and climate issues;
- education and information on environmental issues;
- the execution of environmental impact assessment.

Cooperation will centre on the following priorities:

- water quality, including waste water treatment, particularly of cross-border waterways;
- combating local, regional and cross-border air and water (including drinking water) pollution;
- effective monitoring of pollution levels;
- efficient, sustainable and clean energy production and consumption, safety of industrial plants;
- classification and safe handling of chemicals;

- waste reduction, recycling and safe disposal, and the implementation of the Basle Convention;
- the environmental impact of agriculture; soil erosion and pollution by agricultural chemicals;
- the protection of forests, the flora and fauna; the conservation of biodiversity;
- town and country planning, including construction and urban planning;
- use of economic and fiscal instruments.

Cooperation in the field of nuclear safety will mainly cover the following topics:

- upgrading the former Yugoslav Republic of Macedonia's laws and regulations on nuclear safety and strengthening the supervisory authorities and their resources;
- radiation protection, including environmental radiation monitoring;
- radioactive waste management.

Cooperation will include the exchange of information and experience and R&D activities in accordance with the provision on science and technology.

3.10. Financial Cooperation

Community aid remains tied to the fulfilment of the principles and conditions set out in the conclusions of the General Affairs Council of 29 April 1997. Aid granted to the former Yugoslav Republic of Macedonia will be geared to observed needs, chosen priorities, the capacity to absorb and repay, and the measures taken to reform the economy and restructure the country. This aid will combine grants and loans, including EIB loans under Article 18 of its Statute.

Grants will be made available by the Community on an indicative multi-annual basis under the PHARE programme or within a new financial framework to replace PHARE to be established by the Community.

The EIB will use the experience gained from PHARE to assess the former Yugoslav Republic of Macedonia's priorities and absorption capacity. Consideration should be given to the full implementation of all the infrastructure projects of common interest identified in the Transport Agreement.

The scope of operations in the chosen priority sectors, the admissibility of proposed projects and the degree of Community intervention will be decided in consultation with the government of the former Yugoslav Republic of Macedonia.

At the request of the former Yugoslav Republic of Macedonia and in case of special need, the Community could examine the possibility of granting temporary on an exceptional basis macro-financial assistance on terms modelled on those of other association agreements, taking into account the availability of all available financial resources, and in co-ordination with international financial institutions.

3.11. Institutional, General and Final Provisions

3.11.1. *Stabilisation and Association Council (SAC)*

The SAC will be the supreme body established under the Agreement and will supervise its implementation. It will meet once a year, normally at ministerial level, and call extraordinary meetings when circumstances require. It will examine any major issues arising within the framework of the Agreement and any other bilateral or international issues of mutual interest. The SAC may delegate to the SACOM any of its powers.

During the first stage of the transition period, the SAC won't have any mandate to take decisions binding on the parties, except the decision, in the course of the twelve months preceding the expiry of the first stage, to decide on the transition to the second stage as well as on any possible changes to be brought about as regards the content of the provisions governing the second stage. Only after the transition to the second stage, the SAC will be given a mandate to take decisions binding on the parties.

The SAC will be given a mandate to settle disputes between the parties after the entry into force of the Agreement.

For matters within its competence, the EIB will be involved as an observer in the SAC's discussion.

3.11.2. *Stabilisation and Association Committee (SACOM)*

The SACOM will assist the SAC and prepare for its meetings. It will meet at senior civil servant level at least once a year and when circumstances require. It will ensure continuity between meetings of the SAC.

The SACOM will examine any issue relating to the implementation of the Agreement and any other matter of mutual interest.

In specific areas, the SACOM may set up subcommittees. The Transport Committee established under the Transport Agreement shall assist the SACOM.

3.11.3. *Joint Parliamentary Committee (JPC)*

The JPC will be a forum for members of the former Yugoslav Republic of Macedonia Parliament and the European Parliament to meet and exchange views and meets at least once a year. The JPC may make recommendations to the SAC.

3.11.4. *General and final provisions*

The parties will adopt the following provisions:

- to ensure that natural and legal persons have access free of discrimination to the competent courts and administrative tribunals for the defence of their rights;
- enabling the parties to take any measures considered necessary for security reasons (national defence, war, etc.);

- to ensure non-discrimination in the application of measures taken under Agreement;
- setting out the consultation and dispute settlement procedures for taking measures in the event of a failure to fulfil obligations under the Agreement;
- to allow for the maintenance of rights accorded by existing agreements between Former Yugoslav Republic of Macedonia and one or more Member States, where these are more advantageous to the parties' economic operators;
- setting out the duration of the Agreement (unlimited, in principle), with the possibility of denunciation after notification (the Agreement shall cease to apply six months after the date of such notification), and suspension, with immediate effect, in the event of violation of one of the essential elements of the Agreement;
- including territorial clauses;
- defining the concept of "parties" to the Agreement;
- provisions on the authentic languages, ratification and entry into force of the Agreement.

The Secretary-General of the Council of the EU will be the depository of the Agreement.