

## **EUROPE AGREEMENT**

EUROPE AGREEMENT establishing an association between the European Communities and their Member States, of the one part, and the Republic of Bulgaria, of the other part

THE KINGDOM OF BELGIUM,  
THE KINGDOM OF DENMARK,  
THE FEDERAL REPUBLIC OF GERMANY,  
THE HELLENIC REPUBLIC,  
THE KINGDOM OF SPAIN,  
THE FRENCH REPUBLIC,  
IRELAND,  
THE ITALIAN REPUBLIC,  
THE GRAND DUCHY OF LUXEMBOURG,  
THE KINGDOM OF THE NETHERLANDS,  
THE PORTUGUESE REPUBLIC,  
THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

Contracting Parties to the Treaty establishing the EUROPEAN ECONOMIC COMMUNITY, the Treaty establishing the EUROPEAN COAL AND STEEL COMMUNITY, and the Treaty establishing the EUROPEAN ATOMIC ENERGY COMMUNITY, hereinafter referred to as 'Member States', and

The EUROPEAN ECONOMIC COMMUNITY, the EUROPEAN ATOMIC ENERGY COMMUNITY and the EUROPEAN COAL AND STEEL COMMUNITY, hereinafter referred to as 'the Community',  
of the one part,

and THE REPUBLIC OF BULGARIA, hereinafter referred to as 'Bulgaria',  
of the other part,

CONSIDERING the importance of the traditional links existing between the Community, its Member States and Bulgaria and the common values that they share,

RECOGNIZING that the Community and Bulgaria wish to strengthen these links and to establish close and long lasting relations, based on mutual interest and reciprocity, which would allow Bulgaria to take part in the process of European integration, thus strengthening and widening the relations established in the past notably by the Agreement on Trade and Commercial and Economic Cooperation, signed on 8 May 1990,

CONSIDERING the opportunities for a relationship of a new quality offered by the emergence of a new democracy in Bulgaria,

CONSIDERING the commitment of the Community and its Member States and of Bulgaria to strengthening the political and economic freedoms which constitute the very basis of the association,

RECOGNIZING the fundamental character of the democratic changes in Bulgaria, taking place in a peaceful manner and aimed at building a new political and economic system, based on the rule of law and human rights, political pluralism, and a pluralist multi-party system involving free and democratic elections and the creation of the legislative and economic conditions, necessary for the development of

a market economy, as well as the need to continue and complete that process with the assistance of the Community,

CONSIDERING the firm commitment of the Community and its Member States and of Bulgaria to the rule of law and human rights, including those of persons belonging to minorities, and to the full implementation of all other principles and provisions contained in the Final Act of the Conference on Security and Cooperation in Europe (CSCE), the concluding documents of Vienna and Madrid, the Charter of Paris for a new Europe, as well as to the principles and provisions of the European Energy Charter,

WILLING to promote improved contacts among their citizens as well as the free flow of information and ideas, as agreed by the Parties in the framework of the CSCE,

CONSCIOUS of the importance of this Agreement to establishing and enhancing in Europe a system of stability based on cooperation, with the Community as one of the cornerstones,

BELIEVING that a link should be made between full implementation of association, on the one hand, and continuation of the actual accomplishment of Bulgaria's political, economic and legal reforms on the other hand, as well as the introduction of the factors necessary for cooperation and the actual rapprochement between the Parties' systems, notably in the light of the conclusions of the CSCE Bonn Conference,

DESIROUS of establishing regular political dialogue on bilateral and international issues of mutual interest to enhance and complete the association,

TAKING ACCOUNT of the Community's willingness to provide decisive support for the completion of the transition towards a market economy in Bulgaria and to help Bulgaria cope with the economic and social consequences of structural readjustment,

TAKING ACCOUNT furthermore of the Community's willingness to set up instruments of cooperation and economic, technical and financial assistance on a global and multiannual basis,

CONSIDERING the commitment of the Community and Bulgaria to free trade, and in particular in respect of the General Agreement on Tariffs and Trade principles,

BEARING in mind the economic and social disparities between the Community and Bulgaria and thus recognizing that the objectives of this association should be reached through appropriate provisions of this Agreement,

CONVINCED that this Agreement will create a new climate for their economic relations and in particular for the development of trade and investment, instruments which are indispensable for economic restructuring and technological modernization of the Bulgarian economy,

DESIROUS of establishing cultural cooperation and developing exchanges of information,

RECOGNIZING the fact that Bulgaria's ultimate objective is to become a member of the Community, and that this association, in the view of the Parties, will help

Bulgaria to achieve this objective,

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

THE KINGDOM OF BELGIUM:

Robert URBAIN,  
Minister for Foreign Trade and European Affairs;

THE KINGDOM OF DENMARK:

Juergen WSTRUPM MULLER,  
State Secretary for Foreign Affairs;

THE FEDERAL REPUBLIC OF GERMANY:

Klaus KINKEL,  
Federal Minister for Foreign Affairs;

THE HELLENIC REPUBLIC:

Michel PAPACONSTANTINO,  
Minister for Foreign Affairs;

THE KINGDOM OF SPAIN:

Javier SOLANA,  
Minister for Foreign Affairs;

THE FRENCH REPUBLIC:

Elisabeth GUIGOU,  
Minister responsible for European Affairs;

IRELAND:

Dick SPRING,  
Minister for Foreign Affairs;

THE ITALIAN REPUBLIC:

Valdo SPINI,  
State Secretary for Foreign Affairs;

THE GRAND DUCHY OF LUXEMBOURG:

Jacques POOS,  
Minister for Foreign Affairs;

THE KINGDOM OF THE NETHERLANDS:

P. KOOIJMANS,  
Minister for Foreign Affairs;

THE PORTUGUESE REPUBLIC:

J. M. DURAO BARROSO,  
Minister for Foreign Affairs;

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND:

Douglas HURD,  
Secretary of State for Foreign and Commonwealth Affairs;

THE EUROPEAN ECONOMIC COMMUNITY, THE EUROPEAN ATOMIC ENERGY COMMUNITY AND THE EUROPEAN COAL AND STEEL COMMUNITY:

Niels HELVEG PETERSEN,

Minister for Foreign Affairs of the Kingdom of Denmark,  
President-in-Office of the Council of the European Communities;

Sir Leon BRITTAN,

Member of the Commission of the European Communities;

Hans VAN DEN BROEK,

Member of the Commission of the European Communities;

THE REPUBLIC OF BULGARIA:

Luben BEROV,

Prime Minister and Minister for Foreign Affairs;

WHO, having exchanged their full powers, formed in good and due form,  
HAVE AGREED AS FOLLOWS:

### **Article 1**

1. An association is hereby established between the Community and its Member States on the one part, and Bulgaria on the other part.

2. The objectives of this association are:

- to provide an appropriate framework for the political dialogue between the Parties allowing the development of close political relations,
- to establish gradually a free trade area between the Community and Bulgaria covering substantially all trade between them,
- to promote the expansion of trade and the harmonious economic relations between the Parties and so to foster the dynamic economic development and prosperity in Bulgaria,
- to provide a basis for economic, financial, cultural and social cooperation, as well as for the Community's assistance to Bulgaria,
- to support Bulgaria's efforts to develop its economy and to complete the transition into a market economy,
- to provide an appropriate framework for the gradual integration of Bulgaria into the Community. To this end new rules, policies and practices will be established in compliance with market mechanisms, and Bulgaria shall work towards fulfilling the necessary requirements in this respect,
- to set up institutions suitable to make the association effective.

## **TITLE I POLITICAL DIALOGUE**

### **Article 2**

A regular political dialogue shall be established between the Parties which they intend to develop and intensify. It shall accompany and consolidate the rapprochement between the Community and Bulgaria, support the political and economic changes underway in that country and contribute to the establishment of new links of solidarity and new forms of cooperation. The political dialogue and cooperation, based on shared values and aspirations:

- will facilitate Bulgaria's full integration into the community of democratic nations and progressive rapprochement with the Community. The economic rapprochement provided for in this Agreement will lead to greater political convergence,
- will bring about better mutual understanding and an increasing convergence of

positions on international issues, and in particular on those matters likely to have substantial effects on one or the other Party,

- will enable each Party to consider the position and interests of the other in their respective decision-making process,
- will contribute to the rapprochement of the Parties' positions on security issues and will enhance security and stability in the whole of Europe.

### **Article 3**

1. Meetings as appropriate shall take place between the President of the European Council and the President of the Commission of the European Communities on one side and the President of the Republic of Bulgaria on the other.

2. At ministerial level, political dialogue shall take place within the Association Council. This shall have general responsibility for all matters which the Parties might wish to put to it.

### **Article 4**

Other procedures and mechanisms for political dialogue shall be set up by the Parties, and in particular in the following forms:

- meetings at senior official level (political directors) between officials of Bulgaria on the one hand, and the Presidency of the Council of the European Communities and the Commission of the European Communities, on the other,
- taking full advantage of all diplomatic channels between the Parties, including appropriate contacts in the bilateral as well as multilateral field, such as the UN, CSCE meetings and other multilateral fora,
- including Bulgaria in the group of countries receiving regular information on the issues dealt with by the European Political Cooperation as well as exchanging information with a view to achieving the objectives set out in Article 2,
- any other means which would contribute to consolidating, developing and stepping up this dialogue.

### **Article 5**

Political dialogue at parliamentary level shall take place within the framework of the Parliamentary Association Committee.

## **TITLE II GENERAL PRINCIPLES**

### **Article 6**

Respect for the democratic principles and human rights established by the Helsinki Final Act and the Charter of Paris for a New Europe inspires the domestic and external policies of the Parties and constitutes an essential element of the present association.

### **Article 7**

1. The association includes a transitional period of a maximum duration of 10 years divided into two successive stages, each in principle lasting five years. The first stage shall begin when the Agreement enters into force.

2. The Association Council, bearing in mind that the principles of the market economy are essential to the present association, shall proceed regularly to examine the application of the Agreement and Bulgaria's accomplishment in the process leading to a market economy system on the basis of the principles established in the preamble.

3. During the course of the 12 months preceding the expiration of the first stage, the Association Council shall meet to decide the transition to the second stage as well as

on any possible changes to be brought about as regards measures concerning the implementation of the dispositions governing the second stage. In doing this, it will take into account the results of the examination mentioned in paragraph 2.

4. The two states envisaged under 1, 2 and 3 do not apply to Title III.

### **TITLE III FREE MOVEMENT OF GOODS**

#### **Article 8**

1. The Community and Bulgaria shall gradually establish a free trade area in a transitional period lasting a maximum of 10 years starting from the entry into force of this Agreement, in accordance with the provisions of this Agreement and in conformity with those of the General Agreement on Tariffs and Trade (GATT).

2. The combined nomenclature of goods shall be applied to the classification of goods for imports into the Community. The Bulgarian Customs Tariff shall be applied to the classification of goods for imports into Bulgaria.

3. For each product, the basic duty to which the successive reductions set out in this Agreement are to be applied shall be that actually applied erga omnes on the day preceding the entry into force of the Agreement.

4. If, after the entry into force of the Agreement, any tariff reduction is applied on an erga omnes basis, in particular, reductions resulting from the tariff agreement concluded as a result of the GATT Uruguay Round, such reduced duties shall replace the basic duties referred to in paragraph 3 as from that date when such reductions are applied.

5. The Community and Bulgaria shall communicate to each other their respective basic duties.

### **CHAPTER I Industrial products**

#### **Article 9**

1. The provisions of this chapter shall apply to products originating in the Community and in Bulgaria listed in Chapters 25 to 97 of the combined nomenclature and of the Bulgarian Customs Tariff with the exception of the products listed in Annex I.

2. The provisions of Articles 10 to 14 included do not apply to products mentioned in Articles 16 and 17.

#### **Article 10**

1. Customs duties on imports applicable in the Community to products originating in Bulgaria other than those listed in Annexes IIa, IIb and III shall be abolished on the entry into force of the Agreement.

2. Customs duties on imports applicable in the Community to products originating in Bulgaria which are listed in Annex IIa shall be progressively abolished in accordance with the following timetable:

- on the date of entry into force of the Agreement, each duty shall be reduced to 50 % of the basic duty,

- one year after the date of entry into force of the Agreement, the remaining duties shall be eliminated.

Customs duties on imports applicable in the Community to products originating in Bulgaria listed in Annex IIb shall be progressively reduced, from the date of entry into force of the Agreement, by annual reductions of 20 % of the basic duty so as to arrive at total abolition by the end of the fourth year after the date of entry into force of the Agreement.

3. The products of Bulgarian origin listed in Annex III shall benefit from a suspension

of customs duties on imports within the limits of annual Community tariff quotas or ceilings increasing progressively in accordance with the conditions defined in that Annex so as to arrive at a complete abolition of customs duties on imports of the products concerned at the end of the fifth year at the latest.

At the same time, the customs duties on imports to be applied to import quantities when the quotas have been exhausted or when the levying of customs duties has been reintroduced with respect to products covered by a tariff ceiling, shall be progressively dismantled from the entry into force of the Agreement by annual reductions of 15 % of the basic duty. By the end of the fifth year, remaining duties shall be abolished.

4. Quantitative restrictions on imports to the Community and measures having an equivalent effect shall be abolished on the date of entry into force of the Agreement with regard to the products originating in Bulgaria.

### **Article 11**

1. Customs duties on imports applicable in Bulgaria to products originating in the Community which are listed in Annex IV shall be abolished on the date of entry into force of the Agreement.

2. Customs duties on imports applicable in Bulgaria to products originating in the Community which are listed in Annex V shall be progressively reduced in accordance with the following timetable:

- one year after the entry into force of the Agreement, each duty shall be reduced to 80 % of the basic duty,
- three years after the entry into force of the Agreement, each duty shall be reduced to 40 % of the basic duty,
- five years after the entry into force of the Agreement, the remaining duties shall be eliminated.

3. Customs duties on imports applicable in Bulgaria to products originating in the Community which are listed in Annex VI shall be progressively reduced in accordance with the following timetable:

- three years after the entry into force of the Agreement, each duty shall be reduced to 80 % of the basic duty,
- five years after the entry into force of the Agreement, each duty shall be reduced to 60 % of the basic duty,
- six years after the entry into force of the Agreement, each duty shall be reduced to 45 % of the basic duty,
- seven years after the entry into force of the Agreement, each duty shall be reduced to 30 % of the basic duty,
- eight years after the entry into force of the Agreement each duty shall be reduced to 15 % of the basic duty,
- nine years after the entry into force of the Agreement, the remaining duties shall be eliminated.

4. Quantitative restrictions on imports into Bulgaria of products originating in the Community and measures having an equivalent effect shall be abolished upon entry into force of the Agreement, except for those listed in Annex VII which shall be abolished in accordance with the timetable provided for in that Annex.

### **Article 12**

The provisions concerning the abolition of customs duties on imports shall also apply to customs duties of a fiscal nature.

### **Article 13**

1. The Community shall abolish in its imports from Bulgaria any charges having an

effect equivalent to customs duties on imports upon the entry into force of the Agreement.

2. Bulgaria shall abolish in its imports from the Community any charges having an equivalent effect to customs duties on imports upon entry into force of the Agreement, except for those listed in Annex VIII, which shall be abolished in accordance with the timetable provided in that Annex.

#### **Article 14**

1. The Community and Bulgaria shall progressively abolish between them at the latest by the end of the fifth year after entry into force of the Agreement any customs duties on exports and charges having equivalent effect.

2. Quantitative restrictions on exports to Bulgaria and any measures having equivalent effect shall be abolished by the Community on the entry into force of the Agreement.

3. Quantitative restrictions on exports to the Community and any measures having equivalent effect shall be abolished by Bulgaria upon entry into force of the Agreement, with the exception of those listed in Annex IX, which shall be abolished at the latest by the end of the fifth year after the entry into force of the Agreement.

#### **Article 15**

Each Party declares its readiness to reduce its customs duties in trade with the other Party more rapidly than is provided for in Articles 10 and 11 of its general economic situation and the situation of the economic sector concerned so permit.

The Association Council may make recommendations to this effect.

#### **Article 16**

Protocol 1 lays down the arrangements applicable to the textile products referred to therein.

#### **Article 17**

Protocol 2 lays down the arrangements applicable to products covered by the Treaty establishing the European Coal and Steel Community.

#### **Article 18**

1. The provisions of this chapter do not preclude the retention by the Community of an agricultural component in the duties applicable to products listed in Annex X in respect of products originating in Bulgaria.

2. The provisions of this chapter do not preclude the introduction of an agricultural component by Bulgaria in the duties applicable to the products listed in Annex X in respect of products originating in the Community.

### **CHAPTER II Agriculture**

#### **Article 19**

1. The provisions of this chapter shall apply to agricultural products originating in the Community and in Bulgaria.

2. The term 'agricultural products' means the products listed in Chapters 1 to 24 of the combined nomenclature and of the Bulgarian Customs Tariff and the products listed in Annex I, but excluding fishery products as defined by Regulation (EEC) No 3687/91 on the common organization of the market in fishery products.

#### **Article 20**

Protocol 3 lays down the trade arrangements for processed agricultural products



which are listed in such protocol.

#### **Article 21**

1. The Community shall abolish at the date of entry into force of the Agreement the quantitative restrictions on imports of agricultural products originating in Bulgaria maintained by virtue of Council Regulation (EEC) No 3420/83 in the form existing on the date of signature hereof.

2. The agricultural products originating in Bulgaria listed in Annex XI shall benefit, upon the date of entry into force of the Agreement, from the reduction of customs duties and levies within the limits of Community quotas and upon the conditions provided in the same Annex.

3. Agricultural products originating in the Community listed in Annex XIIa shall be imported into Bulgaria free of quantitative restrictions.

Agricultural products originating in the Community listed in Annex XIIb shall be subject to the quantitative restrictions set out in that Annex.

4. The Community and Bulgaria shall grant each other the concessions referred to in Annexes XIII and XIV, on a harmonious and reciprocal basis, in accordance with the conditions laid down therein.

5. Taking account of the volume of trade in agricultural products between them, of their particular sensitivity, of the rules of the Common Agricultural Policy of the Community, of the rules of the agricultural policy in Bulgaria, of the role of agriculture in Bulgaria's economy, and of the consequences of the multilateral trade negotiations under the General Agreement on Tariffs and Trade, the Community and Bulgaria shall examine in the Association Council, product by product and on an orderly and reciprocal basis, the possibilities of granting each other further concessions.

#### **Article 22**

Notwithstanding other provisions of this Agreement, and in particular Article 31, if, given the particular sensitivity of the agricultural markets, imports of products originating in one Party, which are the subject of concessions granted in Article 21, cause serious disturbance to the markets in the other Party, both Parties shall enter into consultations immediately to find an appropriate solution. Pending such a solution, the Party concerned may take the measures it deems necessary.

### **CHAPTER III Fisheries**

#### **Article 23**

The provisions of this chapter shall apply to fishery products originating in the Community and in Bulgaria, which are covered by Regulation (EEC) No 3687/91.

#### **Article 24**

The provisions of Article 21 (5) shall apply mutatis mutandis to fishery products.

### **CHAPTER IV Common provisions**

#### **Article 25**

The provisions of this chapter shall apply to trade in all products, except where otherwise provided herein or in Protocols 1, 2 or 3.

#### **Article 26**

1. No new customs duties on imports or exports or charges having equivalent effect shall be introduced, nor shall those already applied be increased, in the trade

between the Community and Bulgaria from the date of entry into force of the Agreement.

2. No new quantitative restrictions on imports or exports or measure having equivalent effect shall be introduced, nor shall those existing be made more restrictive, in the trade between the Community and Bulgaria from the date of entry into force of the Agreement.

3. Without prejudice to the concessions granted under Article 21, the provisions of paragraphs 1 and 2 of this Article shall not restrict in any way the pursuance of the respective agricultural policies of Bulgaria and the Community or the taking of any measures under such policies.

#### **Article 27**

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

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

#### **Article 28**

1. This Agreement shall not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade except in so far as they alter the trade arrangements provided for in this Agreement.

2. Consultations between the Parties shall take place within the Association Council concerning agreements establishing such customs unions or free trade areas and, where requested, on other major issues related to their respective trade policies with third countries. In particular in the event of a third country acceding to the Community, such consultations shall take place so as to ensure that account can be taken of the mutual interests of the Community and Bulgaria stated in this Agreement.

#### **Article 29**

Exceptional measures of limited duration which derogate from the provisions of Articles 11 and 26 (1) may be taken by Bulgaria in the form of increased customs duties.

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

Customs duties on imports applicable in Bulgaria to products originating in the Community introduced by these measures may not exceed 25 % ad valorem and shall maintain an element of preference for products originating in the Community. The total value of imports of the products which are subject to these measures may not exceed 15 % of total imports from the Community of industrial products as defined in Chapter I, during the last year for which statistics are available.

These measures shall be applied for a period not exceeding five years, unless a longer duration is authorized by the Association Council. They shall cease to apply at the latest at the expiration of the transitional period.

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

Bulgaria shall inform the Association Council of any exceptional measures it intends to take and, at the request of the Community, consultations shall be held in the Association Council on such measures and the sectors to which they apply before

they are applied. When taking such measures, Bulgaria shall provide the Association Council with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction at equal annual rates. The Association Council may decide on a different schedule.

### **Article 30**

If one of the Parties finds that dumping is taking place in trade with the other Party within the meaning of Article VI of the General Agreement on Tariffs and Trade, it may take appropriate measures against this practice in accordance with the Agreement relating to the application of Article VI of the General Agreement on Tariffs and Trade, with related internal legislation and with the conditions and procedures laid down in Article 34.

### **Article 31**

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

- serious injury to domestic producers of like or directly competitive products in the territory of one of the Parties, or
- serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region, the Community or Bulgaria, whichever is concerned, may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 34.

### **Article 32**

Where compliance with the provisions of Articles 14 and 26 leads to:

- (i) re-export towards a third country against which the exporting Party maintains, for the product concerned, quantitative export restrictions, export duties or measures having equivalent effect;

or

- (ii) a serious shortage, or threat thereof, of a product essential to the exporting Party,

and where the situations above referred to give rise, or are likely to give rise, to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 34. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

### **Article 33**

The Member States and Bulgaria shall progressively adjust any State monopolies of a commercial character so as to ensure that, by the end of the fifth year following the entry into force of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Member States and of Bulgaria. The Association Council will be informed of the measures adopted to implement this objective.

### **Article 34**

1. In the event of the Community or Bulgaria subjecting imports of products liable to give rise to the difficulties referred to in Article 31 to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other Party.
2. In the cases specified in Articles 30, 31 and 32, before taking the measures provided for therein or, in cases to which paragraph 3 (d) applies, as soon as

possible, the Community or Bulgaria, as the case may be, shall supply the Association Council with all relevant information, with a view to seeking a solution acceptable to the two Parties.

In the selection of measures, priority must be given to those which least disturb the functioning of this Agreement.

The safeguard measures shall be notified immediately to the Association Council and shall be the subject of periodic consultations within that body, particularly with a view to establishing a timetable for their abolitions as soon as circumstances permit.

3. For the implementation of paragraph 2, the following provisions shall apply:

(a) As regards Article 31, the difficulties arising from the situation referred to in that Article shall be referred for examination to the Association Council, which may take any decision needed to put an end to such difficulties.

If the Association Council or the exporting Party has not taken a decision putting an end to the difficulties or no other satisfactory solution has been reached within 30 days of the matter being referred, the importing Party may adopt the appropriate measures to remedy the problem. These measures must not exceed the scope of what is necessary to remedy the difficulties which have arisen.

(b) As regards Article 30, the Association Council shall be informed of the dumping case as soon as the authorities of the importing Party have initiated an investigation. When no end has been put to the dumping or no other satisfactory solution has been reached within 30 days of the matter being referred to the Association Council, the importing Party may adopt the appropriate measures.

(c) As regards Article 32, the difficulties arising from the situations referred to in that Article shall be referred for examination to the Association Council.

The Association Council may take any decision needed to put an end to the difficulties. If it has not taken such a decision within 30 days of the matter being referred to it, the exporting Party may apply appropriate measures on the exportation of the product concerned.

(d) Where exceptional circumstances requiring immediate action make prior information or examination, as the case may be, impossible, the Community or Bulgaria, whichever is concerned, may, in the situations specified in Articles 30, 31 and 32, apply forthwith the precautionary and provisional measures strictly necessary to deal with the situation, and the Association Council will be informed immediately.

### **Article 35**

Protocol 4 lays down rules of origin for the application of tariff preferences foreseen in this Agreement.

### **Article 36**

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 the exhaustible natural resources; the protection of national treasures of artistic, historic or archaeological value or the protection of intellectual, industrial and commercial property or rules relating to gold and silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

### **Article 37**

Protocol 5 lays down the specific provisions to apply to trade between Bulgaria of the one part and Spain and Portugal of the other part.

## **TITLE IV MOVEMENT OF WORKERS, ESTABLISHMENT, SUPPLY OF SERVICES**

### **CHAPTER I Movement of workers**

#### **Article 38**

1. Subject to the conditions and modalities applicable in each Member State:
  - the treatment accorded to workers of Bulgarian nationality, legally employed in the territory of a Member State shall be free from any discrimination based on nationality, as regards working conditions, remuneration or dismissal, as compared to its own nationals,
  - the legally resident spouse and children of a worker legally employed in the territory of a Member State, with the exception of seasonal workers and of workers coming under bilateral Agreements in the sense of Article 42, unless otherwise provided by such Agreements, shall have access to the labour market of that Member State, during the period of that worker's authorized stay of employment.
2. Bulgaria shall, subject to the conditions and modalities applicable in that country, accord the treatment referred to in paragraph 1 to workers who are nationals of a Member State and are legally employed in its territory as well as to their spouse and children who are legally resident in the said territory.

#### **Article 39**

1. With a view to coordinating social security systems for workers of Bulgarian nationality, legally employed in the territory of a Member State and for the members of their family, legally resident there, and subject to the conditions and modalities applicable in each Member State,
  - all periods of insurance, employment or residence completed by such workers in the various Member States shall be added together for the purpose of pensions and annuities in respect of old age, invalidity and death and for the purpose of medical care for such workers and such family members,
  - 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, shall be freely transferable at the rate applied by virtue of the law of the debtor Member State or States,
  - the workers in question shall receive family allowances for the members of their family as defined above.
2. Bulgaria shall accord to workers who are nationals of a Member State and legally employed in its territory, and to members of their families legally resident there, treatment similar to that specified in the second and third indents of paragraph 1.

#### **Article 40**

1. The Association Council shall by decision adopt the appropriate provisions to implement the objective set out in Article 39.
2. The Association Council shall by decision adopt detailed rules for administrative cooperation providing the necessary management and control guarantees for the application of the provisions referred to in paragraph 1.

#### **Article 41**

The provisions adopted by the Association Council in accordance with Article 40 shall not affect any rights or obligations arising from bilateral Agreements linking Bulgaria and the Member States where those Agreements provide for more favourable treatment of nationals of Bulgaria or of the Member States.

#### **Article 42**

1. Taking into account the labour market situation in the Member State, subject to its legislation and to the respect of rules in force in that Member State in the area of mobility of workers,
  - the existing facilities for access to employment for Bulgarian workers accorded by Member States under bilateral Agreements ought to be preserved and if possible improved,
  - the other Member States shall consider favourably the possibility of concluding similar Agreements.
2. The Association Council shall examine granting other improvements including facilities of access for professional training, in conformity with rules and procedures in force in the Member States, and taking account of the labour market situation in the Member States and in the Community.

#### Article 43

During the second stage referred to in Article 7, or earlier if so decided, the Association Council shall examine further ways of improving the movement of workers, taking into account inter alia the social and economic situation in Bulgaria and the employment situation in the Community. The Association Council shall make recommendations to such end.

#### Article 44

In the interest of facilitating the restructuring of labour resources resulting from the economic restructuring in Bulgaria, the Community shall provide technical assistance for the establishment of a suitable social security system in Bulgaria as set out in Article 89.

### **CHAPTER II Establishment**

#### **Article 45**

1. Each Member State shall grant, from entry into force of the Agreement, for the establishment of Bulgarian companies and nationals and for the operation of Bulgarian companies and nationals established in its territory, a treatment no less favourable than that accorded to its own companies and nationals, save for matters referred to in Annex XVa.
2. Bulgaria shall
  - (i) grant, from entry into force of the Agreement, for the establishment of Community companies and nationals a treatment no less favourable than that accorded to its own companies and nationals, save for the sectors and matters referred to in Annexes XVb and XVc, where such treatment shall be granted at the latest by the end of the transitional period referred to in Article 7;
  - (ii) grant, from entry into force of the Agreement, in the operation of Community companies and nationals established in Bulgaria a treatment no less favourable than that accorded to its own companies and nationals.
3. The provisions contained in paragraph 2 of this Article shall not apply to the matters listed in Annex XVd.
4. Bulgaria shall, during the transitional period referred to in paragraph 2 (i), not adopt any new regulations or measures which introduce discrimination as regards the establishment of Community companies and nationals in its territory in comparison to its own companies and nationals.
5. For the purposes of this Agreement
  - (a) 'establishment' shall mean
    - (i) as regards nationals, the right to take up and pursue economic activities as self-employed persons and to set up and manage undertakings, in particular companies,

which they effectively control. Self-employment and business undertakings by nationals shall not extend to seeking or taking employment in the labour market or confer a right of access to the labour market of the other Party. The provisions of this chapter do not apply to those who are not exclusively self-employed;

(ii) as regards companies, the right to take up and pursue economic activities by means of the setting up and management of subsidiaries, branches and agencies;

(b) 'subsidiary' of a company shall mean a company which is effectively controlled by the first company;

(c) 'economic activities' shall in particular include activities of an industrial character, activities of a commercial character, activities of craftsmen and activities of the professions.

6. The Association Council shall, during the transitional period referred to in paragraph 2 (i), examine regularly the possibility of accelerating the granting of national treatment in the sectors referred to in Annexes XVb and XVc and the inclusion of areas or matters listed in Annex XVd within the scope of application of the provisions of paragraph 2 (i) of this Article. Amendments may be made to these Annexes by decision of the Association Council.

Following the expiration of the transitional period referred to in paragraph 2 (i), the Association Council may exceptionally, upon request by Bulgaria, and if the necessity arises, decide to prolong the duration of exclusion of certain areas or matters listed in Annexes XVb and XVc for a limited period of time.

#### **Article 46**

1. Subject to the provisions of Article 45 with the exception of financial services described in Annex XVb, each Party may regulate the establishment and operation of companies and nationals on its territory, in so far as these regulations do not discriminate against companies and nationals of the other Party in comparison to its own companies and nationals.

2. In respect of financial services, described in Annex XVb, this Agreement does not prejudice the right of the Parties to adopt measures necessary for the conduct of the Party's monetary policy, or for prudential grounds in order to ensure the protection of investors, depositors, policy holders, or persons to whom a fiduciary duty is owed, or to ensure the integrity and stability of the financial system. These measures shall not discriminate on grounds of nationality against companies and nationals of the other Party in comparison to its own companies and nationals.

#### **Article 47**

In order to make it easier for Community nationals and Bulgarian nationals to take up and pursue regulated professional activities in Bulgaria and the Community respectively, the Association Council shall examine which steps are necessary to be taken to provide for the mutual recognition of qualifications. It may take all necessary measures to that end.

#### **Article 48**

The provisions of Article 46 do not preclude the application by a Party of particular rules concerning the establishment and operation in its territory of branches and agencies of companies of another Party not incorporated in the territory of the first Party, which are justified by legal or technical differences between such branches and agencies as compared to branches and agencies of companies incorporated in its territory, or, as regards financial services, for prudential reasons. The difference in treatment shall not go beyond what is strictly necessary as a result of such legal or technical differences, or, as regards financial services, described in Annex XVb, for prudential reasons.

#### **Article 49**

1. A 'Community company' and a 'Bulgarian company' respectively shall, for the purpose of this Agreement, mean a company or a firm set up in accordance with the laws of a Member State or of Bulgaria respectively and having its registered office, central administration, or principle place of business in the territory of the Community or Bulgaria respectively. However, should the company or firm, set up in accordance with the laws of a Member State or of Bulgaria respectively, have only its registered office in the territory of the Community or Bulgaria respectively, its operations must possess a real and continuous link with the economy of one of the Member States or Bulgaria respectively.

2. With regard to international maritime transport, a national or a shipping company of the Member States or of Bulgaria, respectively established outside the Community or Bulgaria respectively and controlled by nationals of a Member State, or Bulgarian nationals respectively, shall also be beneficiaries of the provisions of this chapter and Chapter III of this title, if their vessels are registered in that Member State or in Bulgaria respectively in accordance with their respective legislations.

3. A 'Community national' and a 'Bulgarian national' respectively shall, for the purpose of this Agreement, mean a natural person who is a national of one of the Member States or of Bulgaria respectively.

4. The provisions of this Agreement shall not prejudice the application by each Party of any measure necessary to prevent the circumvention of its measures concerning third country access to its market, through the provisions of this Agreement.

#### **Article 50**

For the purpose of this Agreement 'financial services' shall mean those activities described in Annex XVb. The Association Council may extend or modify the scope of Annex XVb.

#### **Article 51**

During the first five years following the date of entry into force of this Agreement, or for the sectors referred to in Annex XVb and XVc during the transitional period referred to in Article 7, Bulgaria may introduce measures which derogate from the provisions of this chapter as regards the establishment of Community companies and nationals if certain industries:

- are undergoing restructuring, or
- are facing serious difficulties, particularly where these entail serious social problems in Bulgaria, or
- face the elimination or a drastic reduction of the total market share held by Bulgarian companies or nationals in a given sector or industry in Bulgaria, or
- are newly emerging industries in Bulgaria.

Such measures:

- (i) shall cease to apply at the latest two years after the expiration of the fifth year following the date of entry into force of this Agreement; and
- (ii) shall be reasonable and necessary in order to remedy the situation; and
- (iii) shall only relate to establishments in Bulgaria to be created after the entry into force of such measures and shall not introduce discrimination concerning the operations of Community companies or nationals already established in Bulgaria at the time of introduction of a given measure compared to Bulgarian companies or nationals.

The Association Council may exceptionally, upon request by Bulgaria, and if the necessity arises, decide to prolong the period referred to in indent (i) for a given sector for a limited period of time not exceeding the duration of the transitional



period referred to in Article 7.

While devising and applying such measures, Bulgaria shall grant whenever possible to Community companies and nationals a preferential treatment, and in no case a treatment less favourable than that accorded to companies or nationals from any third country.

Prior to the introduction of these measures, Bulgaria shall consult the Association Council and shall not put them into effect before a one month period following the notification to the Association Council of the concrete measures to be introduced by Bulgaria, except where the threat of irreparable damage requires the taking of urgent measures in which case Bulgaria shall consult the Association Council immediately after their introduction.

Upon the expiration of the fifth year following the entry into force of the Agreement, or for the sectors referred to in Annexes XVb and XVc upon expiration of the transitional period referred to in Article 7, Bulgaria may introduce such measures only with the authorization of the Association Council and under conditions determined by the latter.

#### **Article 52**

1. The provisions of this chapter shall not apply to air transport services, inland-waterways transport services and maritime cabotage transport services.

2. The Association Council may make recommendations for improving establishment and operations in the areas covered by paragraph 1.

#### **Article 53**

1. Notwithstanding the provisions of Chapter I of this title, the beneficiaries of the rights of establishment granted by Bulgaria and the Community respectively shall be entitled to employ, or have employed by one of their subsidiaries, in accordance with the legislation in force in the host country of establishment, in the territory of Bulgaria and the Community respectively, employees who are nationals of Community Member States and Bulgaria respectively, provided that such employees are key personnel as defined in paragraph 2, and that they are employed exclusively by such beneficiaries or their subsidiaries. The residence and work permits of such employees shall only cover the period of such employment.

2. Key personnel of the beneficiaries of the rights of establishment, herein referred to as 'organization', are:

(a) senior employees of an organization who primarily direct the management of the organization, receiving general supervision or direction principally from the board of directors or shareholders of the business, including:

- directing the organization or a department or sub-division of the organization,
- supervising and controlling the work of other supervisory, professional or managerial employees,

- having the authority personally to engage and dismiss or recommend engaging, dismissing or other personnel actions.

(b) persons employed by an organization who possess high or uncommon:

- qualifications referring to a type of work or trade requiring specific technical knowledge,
- knowledge essential to the organization's service, research equipment, techniques or management.

These may include, but are not limited to, members of accredited professions.

Each such employee must have been employed by the organization concerned for at least one year preceding the detachment by the organization.

#### **Article 54**

1. The provisions of this chapter shall be applied subject to limitations justified on grounds of public policy, public security or public health.
2. They shall not apply to activities which in the territory of each party are connected, even occasionally, with the exercise of official authority.

#### **Article 55**

Companies which are controlled and exclusively owned jointly by Bulgarian companies or nationals and Community companies or nationals shall also be beneficiaries of the provisions of this chapter and Chapter III of this title.

### **CHAPTER III Supply of services between the Community and Bulgaria**

#### **Article 56**

1. The Parties undertake in accordance with the provisions of this chapter to take the necessary steps to allow progressively the supply of services by Community or Bulgarian companies or nationals who are established in a Party other than that of the person for whom the services are intended taking into account the development of the services sectors in the Parties.
2. In step with the liberalization process mentioned in paragraph 1, and subject to the provisions of Article 59 (1), the Parties shall permit the temporary movement of natural persons providing the service or who are employed by the service provider as key personnel as defined in Article 53 (2), including natural persons who are representatives of a Community or Bulgarian company or national and are seeking temporary entry for the purpose of negotiating for the sale of services or entering into Agreements to sell services for that service provider, where those representatives will not be engaged in making direct sales to the general public or in supplying services themselves.
3. The Association Council shall take the measures necessary to implement progressively the provisions of paragraph 1 of this Article.

#### **Article 57**

With regard to supply of transport services between the Community and Bulgaria, the following replaces the provisions of Article 56:

1. With regard to international maritime transport, the Parties undertake to apply effectively the principle of unrestricted access to the market and traffic on a commercial basis.
  - (a) The above provision does not prejudice the rights and obligations under the United Nations Code of Conduct for Liner Conferences, as applied by one or the other Contracting Party to this Agreement.  
Non-conference liners will be free to operate in competition with a conference as long as they adhere to the principle of fair competition on a commercial basis.
  - (b) The Parties affirm their commitment to a freely competitive environment as being an essential feature of the dry and liquid bulk trade.
2. In applying the principles of point 1, the Parties shall:
  - (a) not introduce cargo sharing clauses in future bilateral agreements with third countries, other than in those exceptional circumstances where liner shipping companies from one or other Party to this Agreement would not otherwise have an effective opportunity to ply for trade to and from the third country concerned;
  - (b) prohibit cargo sharing arrangements in future bilateral agreements concerning dry and liquid bulk trade;
  - (c) abolish, upon entry into force of the Agreement, all unilateral measures, administrative, technical and other obstacles which could have restrictive or discriminatory effects on the free supply of services in international maritime

transport.

3. With a view to assuring a coordinated development and progressive liberalization of transport between the Parties adapted to their reciprocal commercial needs, the conditions of mutual market access in air transport and in inland transport shall be dealt with by special transport Agreements to be negotiated between the Parties after the entry into force of the Agreement.

4. Prior to the conclusion of the Agreements referred to in paragraph 3, the Parties shall not take any measures or actions which are more restrictive or discriminatory as compared to the situation existing on the day preceding the day of entry into force of the Agreement.

5. During the transitional period, Bulgaria shall progressively adapt its legislation including administrative, technical and other rules to that of the Community legislation existing at any time in the field of air and inland transport in so far as it serves liberalization purposes and mutual access to markets of the Parties and facilitates the movement of passengers and of goods.

6. In step with the common progress in the achievement of the objectives of this chapter, the Association Council shall examine ways of creating the conditions necessary for improving freedom to provide air and inland transport services.

#### **Article 58**

The provisions of Article 54 shall apply to the matters covered by this chapter.

### **CHAPTER IV General provisions**

#### **Article 59**

1. For the purpose of Title IV, nothing in the Agreement shall prevent the Parties from applying their laws and regulations regarding entry and stay, work, labour conditions and establishment of natural persons and supply of services, provided that, in so doing, they do not apply them in a manner as to nullify or impair the benefits accruing to any Party under the terms of a specific provision of the Agreement. The above provision does not prejudice the application of Article 54.

2. The provisions of Chapters II, III and IV of Title IV shall be adjusted by decision of the Association Council in the light of the result of the negotiations on services taking place in the Uruguay Round and in particular to ensure that under any provision of this Agreement a Party grants to the other Party a treatment no less favourable than that accorded under the provisions of a future General Agreement on Trade and Services (GATS).

Pending Bulgaria's accession to a future GATS Agreement, and without prejudice to any decisions the Association Council may take,

(i) the Community shall grant to Bulgarian companies and nationals a treatment no less favourable than that accorded under the provisions of a future GATS Agreement to companies and nationals of other members of that Agreement;

(ii) Bulgaria shall grant Community companies and nationals a treatment no less favourable than that accorded by Bulgaria to companies and nationals from any third country.

3. The exclusion of Community companies and nationals established in Bulgaria in accordance with the provisions of Chapter II of Title IV from public aid granted by Bulgaria in the areas of public education services, health-related and social services and cultural services shall, for the duration of the transitional period referred to in Article 7, be deemed compatible with the provisions of Title IV and with the competition rules referred to in Title V.

### **TITLE V PAYMENTS, CAPITAL, COMPETITION AND OTHER ECONOMIC**

## **PROVISIONS, APPROXIMATION OF LAWS**

### **CHAPTER I Current payments and movement of capital**

#### **Article 60**

The Parties undertake to authorize, in freely convertible currency, any payments on the current account of balance of payments to the extent that the transactions underlying the payments concern movements of goods, services, or persons between the Parties which have been liberalized pursuant to this Agreement.

#### **Article 61**

1. With regard to transactions on the capital account of balance of payments, from entry into force of the Agreement, the Member States and Bulgaria respectively shall ensure the free movement of capital relating to direct investments made in companies formed in accordance with the laws of the host country and investments made in accordance to the provisions of Chapter II of Title IV, and the liquidation or repatriation of these investments and of any profit stemming therefrom. Notwithstanding the above provision, such free movement, liquidation and repatriation shall be ensured by the end of the first stage referred to in Article 7 for all investments linked to establishment of Community nationals establishing in Bulgaria as self-employed persons pursuant to Chapter II of Title IV.
2. Without prejudice to paragraph 1, the Member States, as from the entry into force of the Agreement, and Bulgaria as from the end of the fifth year following the entry into force of the Agreement, shall not introduce any new foreign exchange restrictions on the movement of capital and current payments connected therewith between residents of the Community and Bulgaria and shall not make the existing arrangements more restrictive.
3. The provisions of paragraphs 1 and 2 shall not prevent Bulgaria from applying restrictions on outward investments by Bulgarian nationals and companies. However, the liquidation or repatriation of investments made in Bulgaria and of any profit stemming therefrom shall not be affected.
4. The Parties shall consult each other with a view to facilitating the movement of capital between the Community and Bulgaria in order to promote the objectives of this Agreement.

#### **Article 62**

1. During the five years following the date of entry into force of the Agreement, the Parties shall take measures permitting the creation of the necessary conditions for the further gradual application of Community rules on the free movement of capital.
2. By the end of the fifth year from the entry into force of the Agreement, the Association Council shall examine ways of enabling Community rules on the movement of capital to be applied in full.

#### **Article 63**

With reference to the provisions of this chapter, and notwithstanding the provisions of Article 65, until a full convertibility of Bulgarian currency in the meaning of Article VIII of the International Monetary Fund (IMF) is introduced, Bulgaria may in exceptional circumstances apply exchange restrictions connected with the granting or taking up of short and medium-term credits to the extent that such restrictions are imposed on Bulgaria for the granting of such credits and are permitted according to Bulgaria's status under the IMF.

Bulgaria shall apply these restrictions in a non-discriminatory manner. They shall be applied in such a manner as to cause the least possible disruption to this Agreement.

Bulgaria shall inform the Association Council promptly of the introduction of such measures and of any changes therein.

## **CHAPTER II Competition and other economic provisions**

### **Article 64**

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

- (i) 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;
- (ii) abuse by one or more undertakings of a dominant position in the territories of the Community or of Bulgaria as a whole or in a substantial part thereof;
- (iii) any public aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods.

2. Any practices contrary to this Article shall be assessed on the basis of criteria arising from the application of the rules of Articles 85, 86, and 92 of the Treaty establishing the European Economic Community.

3. The Association Council shall, within three years of the entry into force of the Agreement, adopt the necessary rules for the implementation of paragraphs 1 and 2.

4. (a) For the purposes of applying the provision of paragraph 1, point (iii), the Parties recognize that during the first five years after the entry into force of the Agreement, any public aid granted by Bulgaria shall be assessed taking into account the fact that Bulgaria shall be regarded as an area identical to those areas of the Community described in Article 92 (3) (a) of the Treaty establishing the European Economic Community. The Association Council shall, taking into account the economic situation of Bulgaria, decide whether that period should be extended by further periods of five years.

(b) Each Party shall ensure transparency in the area of public aid, inter alia by reporting annually to the other Party on the total amount and the distribution of the aid given and by providing, upon request, information on aid schemes. Upon request by one Party, the other Party shall provide information on particular individual cases of public aid.

5. With regard to products referred to in Chapters II and III of Title III:

- the provision of paragraph 1 (iii) does not apply,
- any practices contrary to paragraph 1 (i) should be assessed according to the criteria established by the Community on the basis of Articles 42 and 43 of the Treaty establishing the European Economic Community and in particular of those established in Council Regulation No 26/1962.

6. If the Community or Bulgaria 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 such rules, and if such practice causes or threatens to cause serious prejudice to the interest of the other Party or material injury to its domestic industry, including its services industry,

it may take appropriate measures after consultation within the Association Council or after 30 working days following referral for such consultation.

In the case of practices incompatible with paragraph 1 (iii) of this Article, such appropriate measures may, where the General Agreement on Tariffs and Trade applies thereto, only be adopted in conformity with the procedures and under the conditions laid down by the General Agreement on Tariffs and Trade and any other relevant instrument negotiated under its auspices which are applicable between the

Parties.

7. Notwithstanding any provisions to the contrary adopted in conformity with paragraph 3, the Parties shall exchange information taking into account the limitations imposed by the requirements of professional and business secrecy.

8. This Article shall not apply to the products covered by the Treaty establishing the European Coal and Steel Community which are the subject of Protocol 2.

#### **Article 65**

1. The Parties shall endeavour to avoid the imposition of restrictive measures including measures relating to imports for balance of payments purposes. In the event of their introduction, the Party having introduced the same shall present to the other Party a time schedule for their removal.

2. Where one or more Member States or Bulgaria is in serious balance of payments difficulties, or under imminent threat thereof, the Community or Bulgaria, as the case may be, may, in accordance with the conditions established under the General Agreement on Tariffs and Trade, adopt restrictive measures, including measures relating to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The Community or Bulgaria, as the case may be, shall inform the other Party forthwith.

3. Any restrictive measures shall not apply to transfers related to investments and in particular to the repatriation of amounts invested or reinvested and of any kind of revenues stemming therefrom.

#### **Article 66**

With regard to public undertakings and undertakings to which special or exclusive rights have been granted, the Association Council shall ensure that, as from the third year from the date of entry into force of the Agreement, the principles of the Treaty establishing the European Economic Community, notably Article 90, and the principles of the concluding document of the April 1990 Bonn meeting of the Conference on Security and Cooperation in Europe (notably entrepreneurs' freedom of decision) are upheld.

#### **Article 67**

1. Bulgaria shall continue to improve the protection of intellectual, industrial and commercial property rights in order to provide, by the end of the fifth year after the entry into force of the Agreement, for a level of protection similar to that existing in the Community, including comparable means of enforcing such rights.

2. Within the same time, Bulgaria shall apply to accede to the Munich Convention on the Grant of European Patents of 5 October 1973. Bulgaria shall also accede to the other multilateral convention(s) on intellectual, industrial and commercial property rights (referred to in paragraph 1 of Annex XVI) to which Member States are Parties, or which are de facto applied by Member States.

#### **Article 68**

1. The Parties consider the opening up of the award of public contracts on the basis of the principles of non-discrimination and reciprocity, in particular in the GATT context, to be a desirable objective.

2. The Bulgarian companies as defined in Article 49 shall be granted access to contract award procedures in the Community pursuant to Community procurement rules under a treatment no less favourable than that accorded to Community companies as of the entry into force of the Agreement.

Community companies as defined in Article 49 shall be granted access to contract award procedures in Bulgaria under a treatment no less favourable than that

accorded to Bulgarian companies at the latest at the end of the transitional period referred to in Article 7.

Community companies established in Bulgaria under the provisions of Chapter II of Title IV in the form of subsidiaries as described in Article 45 and in the forms described in Article 55 shall have upon entry into force of the Agreement access to contract award procedures under a treatment no less favourable than that accorded to Bulgarian companies. Community companies established in Bulgaria in the form of branches and agencies as described in Article 45 shall be granted such treatment at the latest by the end of the transitional period.

The Association Council shall periodically examine the possibility for Bulgaria to introduce access to award procedures in Bulgaria for all Community companies prior to the end of the transitional period.

3. As regards establishment, operations, supply of services between the Community and Bulgaria, as well as employment and movement of labour linked to the fulfilment of public contracts, the provisions of Articles 38 to 59 are applicable.

### **CHAPTER III Approximation of laws**

#### **Article 69**

The Parties recognize that an important condition for Bulgaria's economic integration into the Community is the approximation of Bulgaria's existing and future legislation to that of the Community. Bulgaria shall endeavour to ensure that its legislation will be gradually made compatible with that of the Community.

#### **Article 70**

The approximation of laws shall extend to the following areas in particular: customs law, company law, banking law, company accounts and taxes, intellectual property, protection of workers at the workplace, financial services, rules on competition, protection of health and life of humans, animals and plants, consumer protection, indirect taxation, technical rules and standards, nuclear law and regulation, transport and the environment.

#### **Article 71**

The Community shall provide Bulgaria with technical assistance for the implementation of these measures, which may include inter alia:

- the exchange of experts,
- the provision of early information especially on relevant legislation,
- organization of seminars,
- training activities,
- aid for the translation of Community legislation in the relevant sectors.

### **TITLE VI ECONOMIC COOPERATION**

#### **Article 72**

1. The Community and Bulgaria shall establish economic cooperation aimed at contributing to Bulgaria's development and growth potential. Such cooperation shall strengthen existing economic links on the widest possible foundation, to the benefit of both Parties.

2. Policies and other measures will be designed to bring about economic and social development of Bulgaria and will be guided by the principle of sustainable development. These policies should ensure that environmental considerations are also fully incorporated from the outset and that they are linked to the requirements of harmonious social development.

3. To this end, the cooperation should focus in particular on policies and measures related to industry including investment, agriculture and agro-industrial sector, energy, transport, telecommunications, regional development and tourism.
4. Special attention shall be devoted to measures capable of fostering cooperation between the countries of central and eastern Europe with a view to a harmonious development of the region.

### **Article 73**

#### **Industrial cooperation**

1. Cooperation shall seek to promote the following in particular:
  - industrial cooperation between economic operators of both sides, with the particular objective of strengthening the private sector,
  - Community participation in Bulgaria's efforts in both public and private sectors to modernize and restructure its industry, which will effect the transition from a centrally planned system to a market economy under conditions which ensure that the environment is protected,
  - the restructuring of individual sectors; in this context the Association Council will examine in particular the problems affecting the sector of coal and steel and the conversion of the defence industry,
  - the establishment of new undertakings in areas offering potential for growth, particularly in branches of light industry, consumer goods and market services,
  - transfer of technology and know-how.
2. Industrial cooperation initiatives shall take into account priorities determined by Bulgaria. The initiatives should 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, and will include technical assistance where appropriate.

### **Article 74**

#### **Investment promotion and protection**

1. Cooperation shall aim at maintaining and, if necessary, improving a legal framework and a favourable climate for private investment and its protection, both domestic and foreign, which is essential to economic and industrial reconstruction and development in Bulgaria. The cooperation shall also aim to encourage and promote foreign investment and privatization in Bulgaria.
2. The particular aims of cooperation shall be:
  - the conclusion, where appropriate, by the Member States and Bulgaria of agreements for the promotion and protection of investment,
  - the conclusion, where appropriate, of agreements between Member States and Bulgaria to avoid double taxation,
  - to implement suitable arrangements for the transfer of capital,
  - to proceed with deregulation and to improve economic infrastructure,
  - to exchange information on investment opportunities in the form of trade fairs, exhibitions, trade weeks and other events,
  - to exchange information on laws, regulations and administrative practices in the field of investment.
3. Bulgaria shall honour the rules on trade related aspects of investment measures (TRIMs), once these have been adopted within the GATT.

### **Article 75**

#### **Agro and industrial standards and conformity assessment**

1. The Parties shall cooperate with the aim to reduce differences in the fields of standardization and conformity assessment procedures.



2. To this end, the cooperation shall seek:
- to promote the use of Community technical regulations and European standards and conformity assessment procedures,
  - where appropriate, to conclude agreements on mutual recognition in these fields,
  - to encourage Bulgaria's active and regular participation in the work of specialized organizations (CEN, Cenelec, ETSI, EOTC),
  - to support Bulgaria in the European measurement and testing programmes,
  - to promote the exchange of technical and methodological information in the field of quality control and production process.
3. The Community will provide Bulgaria with technical assistance where appropriate.

### **Article 76**

#### Cooperation in science and technology

1. The Parties shall promote cooperation in research and technological development activities. They shall devote special attention to the following:

- the exchange of information on each other's science and technology policies,
- the organization of joint scientific meetings (seminars and workshops),
- joint R&D activities 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 and adequate protection of intellectual property of the results of research,
- participation of Bulgaria in the Community programmes in accordance with paragraph 3.

Technical assistance shall be provided where appropriate.

2. The Association Council shall determine the appropriate procedures for developing cooperation.

3. Cooperation under the Community's framework programme in the field of research and technological development shall be implemented according to specific arrangements to be negotiated and concluded in accordance with the legal procedures of each Party.

### **Article 77**

#### Education and training

1. Cooperation shall aim at a harmonious development of human resources and at raising the level of general education and professional qualifications in Bulgaria, both in public and private sectors, taking into consideration the priorities of Bulgaria. Institutional frameworks and plans of cooperation will be established (building on the European Training Foundation, when established, and the Tempus programme). Participation of Bulgaria in other Community programmes shall also be considered in this context.

2. The cooperation shall focus in particular on the following areas:

- reform of the education and training system in Bulgaria,
- initial training, in-service training and retraining, including the training of public and private sector executives and senior civil servants, particularly in priority areas to be determined,
- cooperation between universities, cooperation between universities and firms, and mobility for teachers, students, administrators and young people,
- promoting teaching in the field of European Studies within the appropriate institutions,
- mutual recognition of periods of studies and diplomas,

- teaching Community languages and the Bulgarian language,
- training translators and interpreters and promoting the use of Community linguistic norms and terminology.

### **Article 78**

Agriculture and the agro-industrial sector

1. Cooperation in this area shall have as its aim the modernization, restructuring and privatization of agriculture and the agro-industrial sector in Bulgaria. It shall endeavour notably to:

- develop private farms and distribution channels, methods of storage, marketing, management etc.,
- modernize the rural infrastructure (transport, water supply, telecommunications),
- improve land-use planning, including construction and urban planning,
- improve productivity and quality by using appropriate methods and products; provide training and monitoring in the use of anti-pollution methods connected with inputs,
- restructure, develop and modernize processing firms and their marketing techniques,
- promote complementarity in agriculture,
- promote industrial cooperation in agriculture and the exchange of know-how, particularly between the private sectors in the Community and Bulgaria,
- develop cooperation on animal and plant health, agrifood health (in particular ionization) including veterinary legislation and inspection, vegetal and phytosanitary legislation with the aim of bringing about gradual harmonization with Community standards through assistance for training and the organization of checks,
- develop ecologically clean regions, technologies and crops,
- develop and promote effective cooperation on quality assurance systems compatible with the Community models,
- promote integrated rural development in Bulgaria,
- exchange information in respect of agricultural policy and legislation.

2. To these ends, technical assistance shall be provided by the Community as appropriate.

### **Article 79**

Energy

1. Within the framework of the principles of the market economy and the European Energy Charter, the Parties shall cooperate to develop the progressive integration of the energy markets in Europe.

2. Cooperation shall include among others technical assistance when appropriate in the following areas:

- formulation and planning of energy policy, including its long-term aspects,
- management and training for the energy sector,
- the promotion of energy saving and energy efficiency,
- the development of energy resources,
- improvement of distribution as well as improvement and diversification of supply,
- the environmental impact of energy production and consumption,
- the nuclear energy sector,
- opening up the energy market to a greater degree, including facilitating transit of gas and electricity,
- the electricity and gas sectors, including the consideration of the possibility of the interconnection of the supply networks,
- modernization of energy infrastructures,
- the formulation of framework conditions for cooperation between undertakings in

this sector,  
- the transfer of technology and know-how.

### **Article 80**

Nuclear safety

1. The aim of cooperation is to provide for a safer use of nuclear energy.
2. Cooperation shall mainly cover the following topics:
  - improvement of the operational safety of Bulgarian nuclear power plants,
  - evaluation of the feasibility of backfitting the existing power plant equipped with VVER-440 reactors,
  - upgrading training of management and other personal of nuclear installations,
  - upgrading Bulgaria's laws and regulations on nuclear safety and strengthening the supervisory authorities and their resources,
  - nuclear safety, nuclear emergency preparedness and management,
  - radiation protection, including environmental radiation monitoring,
  - fuel cycle problems and safeguarding of nuclear materials,
  - radioactive waste management,
  - decommissioning and dismantling of nuclear installations,
  - decontamination.
3. Cooperation will include exchange of information and experience and R& D activities in accordance with Article 76.

### **Article 81**

Environment

1. The Parties shall develop and strengthen their cooperation on environment and human health, which they have judged to be a priority.
2. Cooperation shall concern:
  - effective monitoring of pollution levels; systems of information on the state of the environment,
  - combating local, regional and transboundary air and water pollution,
  - sustainable, efficient and environmentally effective production and use of energy; safety of industrial plants,
  - the management of water resources for border waterways, including transboundary waterways, in compliance with the principles of international law and in particular in conformity with the provisions of the Convention on the protection and use of transboundary watercourses and international lakes,
  - classification and safe handling of chemicals,
  - water quality, particularly of transboundary waterways (including the Danube and of the Black Sea),
  - effective prevention and reduction of water pollution, especially of sources of drinking water,
  - waste reduction, recycling and safe disposal, implementation of the Basle Convention,
  - the environmental impact of agriculture; soil degradation, salinity and acidification,
  - the protection of forests and flora and fauna; restoring ecological stability of the countryside,
  - land-use planning, including construction and urban planning,
  - coastal zone management,
  - use of economic and fiscal instruments,
  - global climate change and its prevention,
  - environment education and awareness,
  - implementation of regional international programmes, inter alia of the Danube Basin and the Black Sea.

3. Cooperation shall take place notably through:
- exchange of information and experts, including information and experts dealing with the transfer of clean technologies,
  - training programmes,
  - harmonization of laws (Community standards) regulations standards, norms and methodology,
  - cooperation at regional level, possibly including the implementation of joint programmes at international level, particularly as regards the management, the protection and quality of the waters of transboundary waterways; cooperation within the framework of the European Environment Agency once it comes into existence,
  - development of strategies, particularly with regard to global and climatic issues,
  - environmental impact studies,
  - improvement of the environmental management, inter alia water management.
4. Protocol 8 lays down the arrangements applicable to the management, protection and quality of the waters of transboundary waterways.

### **Article 82**

#### Transport

1. The Parties shall develop and strengthen their cooperation so as to enable Bulgaria to:
- restructure and modernize transport,
  - improve the movement of passengers and goods and the access to the transport market by removing administrative, technical and other obstacles,
  - facilitate Community transit through Bulgaria by road, rail, inland waterway and combined transport,
  - achieve operating standards comparable to those in the Community.
2. Cooperation shall include the following in particular:
- economic, legal and technical training programmes,
  - the provision of technical assistance and advice, and exchange of information.
3. Cooperation shall include the following priority areas:
- road transport, including the gradual easing of transit conditions,
  - the management of railways and airports, including cooperation between the appropriate national authorities,
  - the development of a road network and the modernization, on major routes of common interest and trans-European links, of road, inland waterway, railway, combined transport port and airport infrastructure,
  - land-use planning including construction and urban planning,
  - the upgrading of technical equipment to meet Community standards, particularly in the fields of road and rail transport, multimodal transport and transshipment,
  - the setting up of consistent transport policies compatible with those applicable in the Community,
  - the promotion of joint technological and research programmes in accordance with Article 76.

### **Article 83**

#### Telecommunications and postal services

1. The Parties shall expand and strengthen cooperation in this area, and shall to this end initiate notably the following actions:
- exchange information on telecommunications and postal services policies,
  - exchange technical and other information and organize seminars, workshops and conferences for experts of both sides,
  - conduct training and advisory operations,
  - carry out transfers of technology and know-how in all elements of

telecommunications and postal services,

- have the appropriate bodies from both sides carry out joint projects,
- promote European standards, systems of certification and regulatory approaches,
- promote new communications facilities, services and installations, particularly those with commercial applications.

2. These activities shall focus on the following priority areas:

- development and application of a sectorial market policy in telecommunications and postal services in Bulgaria, of legal and regulatory acts and procedures,
- the modernization of Bulgaria's telecommunications network and its integration into European and world networks,
- cooperation within the structures of European standardization,
- the integration of trans-European systems; the legal and regulatory aspects of telecommunications,
- the management of telecommunications in the new economic environment: organizational structures, strategy and planning, purchasing principles.

#### **Article 84**

Banking, insurance and other financial services

1. The Parties shall cooperate with the aim of establishing and developing a suitable framework for the encouragement of a banking, insurance and financial services sector in Bulgaria.

2. Cooperation shall focus on:

- the improvement of efficient accounting and audit systems in Bulgaria based on European Community standards,
- the strengthening and restructuring of the banking and financial systems,
- the improvement and harmonization of supervision and regulation system of banking and financial services,
- the preparation of glossaries of terminology,
- the exchange of information in particular in respect of proposed legislation,
- the preparation and translation of Community and Bulgarian legislation.

3. To this end, the cooperation shall include the provision of technical assistance and training.

#### **Article 85**

Audit and financial control cooperation

1. The Parties shall cooperate with the aim of developing efficient financial control and audit systems in the Bulgarian administration following standard Community methods and proceedings.

2. Cooperation shall focus on:

- the exchange of relevant information on audit systems,
- the unification of audit documentation,
- training and advisors' operations.

3. To this end, technical assistance shall be provided by the Community as appropriate.

#### **Article 86**

Monetary policy

At the request of the Bulgarian authorities, the Community shall provide technical assistance designed to support the efforts of Bulgaria towards the introduction of full convertibility of the leva and the gradual approximation of its policies to those of the European Monetary System. This will include informal exchange of information concerning the principles and the functioning of the European Monetary System.

### **Article 87**

#### Money laundering

1. The Parties will establish a framework for cooperation aimed at preventing the use of their financial systems for laundering of proceeds from criminal activities in general and drug offences in particular.
2. Cooperation in this area shall include administrative and technical assistance with the purpose of establishing suitable standards against money laundering equivalent to those adopted by the Community and international fora in this field, including the Financial Action Task Force (FATF).

### **Article 88**

#### Regional development

1. The Parties shall strengthen cooperation between them on regional development and land-use planning.
2. To this end, any of the following measures may be undertaken:
  - the exchange of information by national, regional or local authorities on regional and land-use planning policy, and, where appropriate, the provision of assistance to Bulgaria for the formulation of such policy,
  - joint action by regional and local authorities in the area of economic development,
  - study of a joint approach for the development of regions situated on Bulgaria's border with the Community,
  - exchange visits to explore the opportunities for cooperation and assistance,
  - the exchange of civil servants or experts,
  - the provision of technical assistance, with special emphasis on the development of disadvantaged areas,
  - the establishment of programmes for the exchange of information and experience, by methods including seminars.

### **Article 89**

#### Social cooperation

1. With regard to health and safety, the Parties shall develop cooperation between them with the aim of improving the level of protection of the health and safety of workers, taking as a reference the level of protection existing in the Community. Cooperation shall comprise the following in particular:
  - the provision of technical assistance,
  - the exchange of experts,
  - cooperation between firms,
  - information and administrative and other relevant assistance to firms and training operations,
  - cooperation in public health.
2. With regard to employment, cooperation between the Parties shall focus notably on:
  - the organization of the labour market,
  - job-finding and careers advice services,
  - the planning and the implementation of regional restructuring programmes,
  - the encouragement of local employment development.Cooperation in this field shall be realized through actions such as the performance of studies, provision of the services of experts and information and training.
3. With regard to social security, cooperation between the Parties shall seek to adapt the Bulgarian social security system to the new economic and social situation, primarily by providing the services of experts and information and training.

### Article 90

## Tourism

The Parties shall increase and develop cooperation between them, which shall include:

- facilitating the tourist trade and, where appropriate, reducing relevant formalities,
- assistance to Bulgaria for the privatization of the tourist sector as well as for the working out of efficient state and company policies for establishing optimal legal administrative and financial mechanisms for its further development,
- increasing the flow of information through international networks, data bases, etc.,
- transferring know-how through training, exchanges, seminars,
- studying the opportunities for joint operations (cross-border projects, town-twinning, etc.),
- exchanging views and providing for appropriate exchanges of information on major issues of mutual interest affecting the tourism sector.

### **Article 91**

Small and medium-sized enterprises

1. The Parties shall aim to develop and strengthen small and medium-sized enterprises (SMEs), in particular in the private sector, and cooperation between SMEs in the Community and Bulgaria.
2. They shall encourage the exchange of information and know-how in the following areas:
  - improving, where appropriate, the legal, administrative, technical, tax and financial conditions for the setting-up and expansion of SMEs and for cross-border cooperation,
  - the provision of the specialized 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 in order to improve the flow of information to SMEs and promoting cross-border cooperation (for example the business cooperation network (BC-NET), Euro-info Centres, conferences, etc.).
3. Cooperation will include the supply of technical assistance in particular for the establishment of appropriate institutional support for SME's, at both national and regional level, regarding financial, training, advisory, technological and marketing services.

### **Article 92**

Information and the audiovisual sector

1. The Community and Bulgaria shall take appropriate steps to stimulate the effective mutual exchange of information. Priority shall be given to programmes aimed at providing the general public with basic information about the Community and professional circles in Bulgaria with more specialized information, including, where possible, access to Community databases.
  2. The Parties shall cooperate in the promotion of the audiovisual industry in Europe. The audiovisual sector in Bulgaria could most notably take part in activities set up by the Community in the framework of the Media programme under procedures laid down by the bodies responsible for managing each activity and in accordance with the provisions of the Decision of the Council of the European Communities of 21 December 1990, which established the programme. The Community will encourage the Bulgarian audiovisual sector to participate in the appropriate Eureka programmes.
- The Parties shall coordinate and, where appropriate, harmonize their policies regarding the regulation of cross-border broadcasting, technical norms in the

audiovisual field and the promotion of European audiovisual technology. Cooperation could include inter alia the exchange of programmes, bursaries and facilities for the training of journalists and other media professionals.

### **Article 93**

Consumer protection

1. The Parties shall cooperate with the aim of achieving full compatibility between the systems of consumer protection in Bulgaria and the Community.
2. To this end, cooperation shall comprise, within existing possibilities:
  - the exchange of information and experts,
  - access to Community databases,
  - training operations and technical assistance.

### **Article 94**

Customs

1. The aim of cooperation shall be to guarantee compliance with all the provisions scheduled for adoption in connection with trade and to achieve the approximation of Bulgaria's customs system to that of the Community, thus helping to ease the steps towards liberalization planned under this Agreement.
2. Cooperation shall include the following in particular:
  - the exchange of information,
  - the development of appropriate infrastructure of crossing points between the Parties,
  - the introduction of the single administrative document and the combined nomenclature by Bulgaria,
  - the interconnection between the transit systems of the Community and Bulgaria,
  - the simplification of inspections and formalities in respect of the carriage of goods,
  - the organization of seminars and training periods,
  - support in the introduction of modern customs information systems.Technical assistance shall be provided where appropriate.
3. Without prejudice to further cooperation foreseen in this Agreement, and in particular Article 97, the mutual assistance between administrative authorities in customs matters of the Parties shall take place in accordance with the provisions of Protocol 6.

### **Article 95**

Statistical cooperation

1. Cooperation in this area shall have as its aim the development of an efficient statistical system to provide, in a rapid and timely fashion, the reliable statistics needed to support and monitor the process of economic reform and contribute to the development of private enterprise in Bulgaria.
2. The Parties shall cooperate in particular:
  - to strengthen Bulgaria's statistical apparatus,
  - to bring about harmonization with international (and particularly Community) methods, standards and classifications,
  - to provide the data needed to maintain and monitor economic reform,
  - to provide private-sector economic operators with the appropriate macro-economic and micro-economic data,
  - to guarantee the confidentiality of data,
  - to exchange statistical information.
3. Technical assistance shall be provided by the Community as appropriate.

### **Article 96**



## Economics

1. The Community and Bulgaria will facilitate the process of economic reforms and integration by cooperating to improve understanding of the fundamentals of their respective economies and the devising and implementing of economic policy in market economies.
2. To these ends the Community and Bulgaria will:
  - exchange information on macro-economic performance and prospects and on strategies for development
  - analyse jointly economic issues of mutual interest, including the framing of economic policy and the instruments for implementing it,
  - through the programme of Action for Cooperation in Economics (ACE) in particular, encourage extensive cooperation among economists and managers in the Community and Bulgaria, in order to expedite the transfer of know-how for the drafting of economic policies, and provide for wide dissemination of the results of policy-relevant research.

## **Article 97**

### Drugs

1. The cooperation is in particular aimed at increasing the efficiency of policies and measures to counter the supply and illicit traffic of narcotic drugs and psychotropic substances and to reduce the abuse of these products.
2. The Parties shall agree on the necessary methods of cooperation to attain these objectives, including the modalities of the implementation of common actions. Their actions will be based on consultation and close coordination over the objectives and the policy measures in the fields targeted in paragraph 1.
3. Cooperation between the Parties will comprise technical and administrative assistance which could deal in particular with the following areas:
  - the drafting and implementation of national legislation,
  - the creation or strengthening of institutions and information centres and of social and health centres,
  - increasing the efficiency of the institutions engaged in combating illicit drug trafficking,
  - the training of personnel and research,
  - the prevention of diversion of precursors and other essential chemicals used for the purpose of illicit manufacture of narcotic drugs or psychotropic substances, by establishing suitable standards equivalent to those adopted by the Community and relevant international bodies, in particular the Chemical Action Task Force (CATF).The Parties may agree to include other areas.

## **TITLE VII CULTURAL COOPERATION**

### **Article 98**

Taking into account the Solemn Declaration on European Union, the Parties undertake to promote, encourage and facilitate cultural cooperation. Where appropriate, the Community's cultural cooperation programmes or those of one or more Member States may be extended to Bulgaria and further activities of interest to both sides developed.

This cooperation may notably cover:

- exchange of non-commercial works of art and artists,
- film production and film industry, taking into account the cooperation in the audiovisual sector as envisaged in Article 92,
- translation of literary works,
- conservation and restoration of monuments and sites (architectural and cultural

heritage),

- training for those dealing with cultural affairs,
- the organization of European-oriented cultural events.

## **TITLE VIII FINANCIAL COOPERATION**

### **Article 99**

In order to achieve the objectives of this Agreement and in accordance with Articles 100, 101, 103 and 104, without prejudice to Article 102, Bulgaria shall benefit from temporary financial assistance from the Community in the form of grants and loans, including loans from the European Investment Bank according to the provisions of Article 18 of the Statute of the Bank, to accelerate the economic transformation of Bulgaria and to help Bulgaria to cope with the economic and social consequences of structural readjustment.

### **Article 100**

This financial assistance shall be covered:

- either within the framework of the Operation Phare foreseen in Council Regulation (EEC) No 3906/89, as amended, on a multiannual basis, or within a new financial multiannual framework established by the Community following consultations with Bulgaria and taking into account the considerations set out in Articles 103 and 104 of this Agreement,
- by the loans provided by the European Investment Bank until the expiry date of the availability thereof; following consultations with Bulgaria the Community shall fix the maximum amount and period of availability of loans from the European Investment Bank for Bulgaria for subsequent years.

### **Article 101**

The objectives and the areas of the Community's financial assistance shall be laid down in an indicative programme to be agreed between the two Parties. The Parties shall inform the Association Council.

### **Article 102**

1. The Community shall, in case of special need, taking into account the G-24's guidelines for action and the availability of all financial resources, on request by Bulgaria and in coordination with international financial institutions, in the context of the G-24, examine the possibility of granting temporary financial assistance:

- to support measures with the aim to introduce and maintain the convertibility of the Bulgarian currency,
- to support medium-term stabilization and structural adjustment efforts, including balance of payments assistance.

2. This financial assistance is subject to Bulgaria's presentation of IMF supported programmes in the context of the G-24, as appropriate, for convertibility and/or for restructuring its economy, to the Community's acceptance thereof, to Bulgaria's continued adherence to these programmes and, as an ultimate objective, to rapid transition to reliance on finance from private sources.

3. The Association Council will be informed of the conditions under which this assistance will be provided and of the respect of the obligations undertaken by Bulgaria concerning such assistance.

### **Article 103**

The Community financial assistance shall be evaluated in the light of the needs which arise and of Bulgaria's development level, and taking into account established

priorities and the absorption capacity of Bulgaria's economy, the ability to repay loans and progress towards a market economy system and restructuring in Bulgaria.

#### **Article 104**

In order to permit optimum use of the resources available, the Parties shall ensure that Community contributions are made in close coordination with those from other sources such as the Member States, other countries, including the G-24, and international financial institutions, such as the International Monetary Fund, the International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

### **TITLE IX INSTITUTIONAL, GENERAL AND FINAL PROVISIONS**

#### **Article 105**

An Association Council is hereby established which shall supervise the implementation of this Agreement. It shall meet at ministerial level once a year and when circumstances require. It shall examine any major issues arising within the framework of the Agreement and any other bilateral or international issues of mutual interest.

#### **Article 106**

1. The Association Council shall consist of the members of the Council of the European Communities and members of the Commission of the European Communities, on the one hand, and of members appointed by the Government of Bulgaria, on the other.
2. Members of the Association Council may arrange to be represented, in accordance with the conditions to be laid down in its rules of procedure.
3. The Association Council shall establish its rules of procedure.
4. The Association Council shall be presided in turn by a member of the Council of the European Communities and a member of the Government of Bulgaria, in accordance with the provisions to be laid down in its rules of procedure.
5. Where appropriate, the European Investment Bank will take part, as an observer, in the work of the Association Council.

#### **Article 107**

The Association Council shall, for the purpose of attaining the objectives of the Agreement, have the power to take decisions in the cases provided for therein. The decisions taken shall be binding on the Parties which shall take the measures necessary to implement the decisions taken. The Association Council may also make appropriate recommendations.

It shall draw up its decisions and recommendations by Agreement between the two Parties.

#### **Article 108**

1. Each of the two Parties may refer to the Association Council any dispute relating to the application or interpretation of this Agreement.
2. The Association Council may settle the dispute by means of a decision.
3. Each Party shall be bound to take the measures involved in carrying out the decision referred to in paragraph 2.
4. In the event of it not being possible to settle the dispute in accordance with paragraph 2, either Party may notify the other of the appointment of an arbitrator; the other Party must then appoint a second arbitrator within two months. For the application of this procedure, the Community and the Member States shall be

deemed to be one Party to the dispute.

The Association Council shall appoint a third arbitrator.

The arbitrators' decisions shall be taken by majority vote.

Each Party to the dispute must take the steps required to implement the decision of the arbitrators.

#### **Article 109**

1. The Association Council shall be assisted in the performance of its duties by an Association Committee composed of representatives of the members of the Council of the European Communities and of members of the Commission of the European Communities on the one hand and of representatives of the Government of Bulgaria on the other, normally at senior civil servant level.

In its rules of procedure the Association Council shall determine the duties of the Association Committee, which shall include the preparation of meetings of the Association Council and how the Committee shall function.

2. The Association Council may delegate to the Association Committee any of its powers. In this event the Association Committee shall take its decisions in accordance with the conditions laid down in Article 107.

#### **Article 110**

The Association Council may decide to set up any other special committee or body that can assist it in carrying out its duties.

In its rules of procedure, the Association Council shall determine the composition and duties of such committees or bodies and how they shall function.

#### **Article 111**

An Association Parliamentary Committee is hereby established. It shall be a forum for members of the Bulgarian Parliament and the European Parliament to meet and exchange views. It shall meet at intervals which it shall itself determine.

#### **Article 112**

1. The Association Parliamentary Committee shall consist of members of the European Parliament, on the one hand, and of members of the Bulgarian Parliament, on the other.

2. The Association Parliamentary Committee shall establish its rules of procedure.

3. The Association Parliamentary Committee shall be presided in turn by each the European Parliament and the Bulgarian Parliament, in accordance with the provisions to be laid down in its rules of procedure.

#### **Article 113**

The Association Parliamentary Committee may request relevant information regarding the implementation of this Agreement from the Association Council, which shall then supply the Committee with the requested information.

The Association Parliamentary Committee shall be informed of the decisions of the Association Council.

The Association Parliamentary Committee may make recommendations to the Association Council.

#### **Article 114**

Within the scope of this Agreement, each Party undertakes to ensure that natural and legal persons of the other Party have access free of discrimination in relation to its own nationals to the competent courts and administrative organs of the Parties to defend their individual rights and their property rights, including those concerning

intellectual, industrial and commercial property.

#### **Article 115**

Nothing in this Agreement shall prevent a Contracting Party from taking any measures:

- (a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;
- (b) which relate to the production of, or trade in, arms ammunition or war materials or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;
- (c) which it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension constituting threat of war or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

#### **Article 116**

1. In the fields covered by this Agreement and without prejudice to any special provisions contained therein:

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

2. The provisions of paragraph 1 are without prejudice to the right of the Parties to apply the relevant provisions of their fiscal legislation to tax payers who are not in identical situations as regards their place of residence.

#### **Article 117**

Products originating in Bulgaria shall not enjoy more favourable treatment when imported into the Community than that applied by Member States among themselves.

The treatment granted to Bulgaria under Title IV and Chapter I of Title V shall not be more favourable than that accorded by Member States among themselves.

#### **Article 118**

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

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

In the selection of measures, priority must be given to those which least disturb the functioning of the Agreement. These measures shall be notified immediately to the Association Council and shall be the subject of consultations within the Association Council if the other Party so requests.

#### **Article 119**

This Agreement shall not, until equivalent rights for individuals and economic operators have been achieved under this Agreement, affect rights assured to them through Agreements binding one or more Member States, on the one hand, and

Bulgaria, on the other, except for sectors of Community competence and without prejudice to Member States' obligations resulting from this Agreement in sectors of their competence.

**Article 120**

Protocols 1, 2, 3, 4, 5, 6, 7 and 8, and Annexes I to XVI shall form an integral part of this Agreement.

**Article 121**

This Agreement is concluded for an unlimited period.

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

**Article 122**

This Agreement shall apply, on the one hand, to the territories in which the Treaties establishing the European Economic Community, the European Atomic Energy Community and the European Coal and Steel Community are applied and under the conditions laid down in those Treaties and, on the other hand, to the territory of the Republic of Bulgaria.

**Article 123**

This Agreement is drawn up in duplicate in the Danish, Dutch, English, French, German, Italian, Spanish, Greek, Portuguese and Bulgarian languages, each of these texts being equally authentic.

**Article 124**

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

This Agreement shall enter into force on the first day of the second month following the date on which the Parties notify each other that the procedures referred to in the first paragraph have been completed.

Upon its entry into force, the Agreement shall replace the Agreement between the European Economic Community, the European Atomic Energy Community and Bulgaria on trade and economic and commercial cooperation signed in Brussels on 8 May 1990.

**Article 125**

1. In the event that, pending the completion of the procedures necessary for the entry into force of this Agreement, the provisions of certain parts of this Agreement, in particular those relating to the movement of goods, are put into effect in 1993 by means of an Interim Agreement between the Community and Bulgaria, the Contracting Parties agree that, in such circumstances for the purposes of Title III, Articles 64 and 67 of this Agreement and Protocol 1, 2, 3, 4, 5, 6 and 7 hereto, the terms 'date of entry into force of the Agreement' shall mean

- the date of entry into force of the Interim Agreement in relation to obligations taking effect on that date, and
- 1 January 1993 in relation to obligations taking effect after the date of entry into force by reference to the date of entry into force.

2. In the case of entry into force after 1 January, the provisions of Protocol 7 shall apply.

In witness whereof the undersigned Plenipotentiaries have signed this Agreement.

Signatures.....

**ANNEX I**

List of products referred to in Articles 9 and 19 of the Agreement  
TABLE POSITION

**ANNEX IIa**

List of products referred to in the first subparagraph of Article 10 (2)  
TABLE POSITION

**ANNEX IIb**

List of products referred to in the second subparagraph of Article 10 (2)  
TABLE POSITION

**ANNEX III**

**List of products referred to in Article 10 (3)**  
TABLE POSITION

**ANNEX IV**

List of products referred to in Article 11 (1)  
TABLE POSITION

**ANNEX V**

List of products referred to in Article 11 (2)  
TABLE POSITION

**ANNEX VI**

List of products referred to in Article 11 (3)  
TABLE POSITION

**ANNEX VII** related to the provisions of **Article 11 (4)**

Bulgaria shall abolish by the end of the transitional period at the latest the prohibition on imports of cars at least 10 years old or older, calculated from the date of the first registration falling under the following codes of the Bulgarian Customs

Tariff:

- 8703 21 10
- 8703 22 10
- 8703 23 10
- 8703 24 10
- 8703 31 10
- 8703 32 10
- 8703 33 10
- 8703 90 10

### **ANNEX VIII related to the provisions of Article 13**

Bulgaria shall abolish on its imports from the Community charges having an effect equivalent to customs duties on imports in accordance with the following timetable:

- five years after the entry into force of the Agreement at the latest the 10 % import tax on imports of cars of a cylinder capacity of 2 500 and more cm<sup>3</sup> falling within the following codes of the Bulgarian Customs Tariff:

8703 23 10

8703 24 10.

The tax will be progressively phased out as follows:

- one year after the date of the entry into force of the Agreement the tax shall be reduced to 8 %,

- three years after the entry into force of the Agreement the tax shall be reduced to 4 %,

- five years after the entry into force of the Agreement the remaining tax shall be eliminated;

- five years after the entry into force of the Agreement at the latest the 5 % import tax on imports of perfumery and cosmetics falling within the following codes of the Bulgarian Customs Tariff:

3304

3305

3306

3307

- by January 1995 at the latest the 0,5 % customs clearance fee will be transformed to reflect only the services rendered for customs clearing.

### **ANNEX IX related to the provisions of Article 14 (3)**

1. Bulgaria shall abolish at the latest by the end of the fifth year after entry into force of the Agreement the non-automatic licensing on exports of products falling under the following codes of the Bulgarian Customs Tariff:

Waste and scrap of ferrous metals

7204 10 00

7204 21 00

7204 29 00

7204 30 00

7204 41 00

7204 49 00

Waste and scrap of non-ferrous metals

7404 00 00

7503 00 00

7602 00 00

7802 00 00

7902 00 00

8002 00 00

Bulgaria reserves the right within the five-year period to replace the non-automatic licensing with an export tax which will be abolished in accordance with the provisions of Article 14 (1).

2. Bulgaria shall replace not later than 1 January 1994 the export ceilings on raw hides of bovine, ovine and caprine animals and pig's skins falling under the following codes of the Bulgarian Customs Tariff:

4101

4102

4103 10 00



4103 90 00

4107

by export taxes which will be eliminated at the latest by the end of the fifth year after entry into force of the Agreement in accordance with the provisions of Article 14 (1).

## **ANNEX X**

Goods referred to in Article 18

TABLE POSITION>

## **ANNEX XIa**

List of products referred to in Article 21 (2) (1)

The products listed in this Annex will be subject to a 50 % levy reduction

TABLE POSITION

(1) Notwithstanding the rules for interpretation of the combined nomenclature, the wording for the description of the products is to be considered as having no more than an indicative value, the preferential scheme being determined within the context of this Annex, by the coverage of the CN codes. Where ex CN codes are indicated, the preferential scheme is to be determined by application of the CN codes and corresponding description taken together.

## **ANNEX XIb**

List of products referred to in Article 21 (2) (1)

TABLE POSITION

## **ANNEX XIIa**

List of products referred to in Article 21 (3)

Bulgaria shall abolish from the entry into force of the Agreement the quantitative restrictions on imports originating in the Community of the following products:

import quotas for the period 1 November to 31 May for:

ex 0702 00 00 greenhouse tomatoes

ex 0707 00 00 greenhouse cucumbers.

## **ANNEX XIIb**

List of products referred to in Article 21 (3)

Products originating in the Community for which Bulgaria shall issue import licences automatically up to the quantities indicated

TABLE POSITION

Further quantities of these products originating in the Community may be imported into Bulgaria within the limits of, and under the conditions applied to, the global Bulgarian quotas for the products in question.

## **ANNEX XIIIa**

List of products referred to in Article 21 (4) (1)

Imports into the Community of the following products originating in Bulgaria shall be

subject to the concessions set out below:  
the quantities imported under the CN code referred to in this Annex with the exception of codes 0104 and 0204 will be subject to levy and duty reduction of 20 % in the first year, 40 % in the second year and 60 % in the successive years.  
>TABLE POSITION>

### **ANNEX XIIIb**

List of products referred to in Article 21 (4) (1)  
Imports into the Community of the following products originating in Bulgaria shall be subject to the concessions set out below:  
TABLE POSITION

Annex to Annexes XIb and XIIIb

Minimum import price arrangement for certain soft fruit for processing

1. Minimum import prices are fixed for each marketing year for the following products:

TABLE POSITION

The minimum import prices are fixed by the Community in consultation with Bulgaria, taking into consideration the price evolution, imported quantities and market development in the Community.

2. The minimum import prices shall be respected in accordance with the following criteria:

- during each three-month period of the marketing year the average unit value for each product listed in paragraph 1, imported into the Community, shall not be lower than the minimum import price for that product,
- during any two-week period the average unit value for each product listed in paragraph 1, imported into the Community, shall not be lower than 90 % of the minimum import price for that product, in so far as the quantities imported during this period are not less than 4 % of normal annual imports.

3. In the event of failure to observe one of these criteria, the Community may introduce measures ensuring that the minimum import price is respected for each consignment of the product concerned imported from Bulgaria.

### **ANNEX XIVa**

List of products referred to in Article 21 (4) (1)  
The quantities imported from the Community into Bulgaria under the tariff headings of the Bulgarian Customs Tariff referred to in this Annex will be subject to reduction of the applicable duty and of charges having an equivalent effect of: - 10 % in the first year, - 20 % in the second year, and - 30 % in the successive years. >TABLE POSITION>

(1) Notwithstanding the rules for the interpretation of the Bulgarian Customs Tariff (BCT), the wording for the description of the products is to be considered as having no more than an indicative value, the preferential scheme being determined, within the context of this Annex, by the coverage of the BCT codes. Where ex BCT codes are indicated, the preferential scheme is to be determined by application of the BCT codes and corresponding description taken together.

### **ANNEX XIVb**

List of products referred to in Article 21 (4) (1)

The quantities imported from the Community into Bulgaria under the tariff headings of the Bulgarian Customs Tariff referred to in this Annex will be subject to reduction of the applicable duty and of charges having an equivalent effect of: - 5 % in the first year, - 10 % in the second year, and - 15 % in the successive years.

TABLE POSITION

- (1) Notwithstanding the rules for the interpretation of the Bulgarian Customs Tariff (BCT), the wording for the description of the products is to be considered as having no more than an indicative value, the preferential scheme being determined, within the context of this Annex, by the coverage of the BCT codes. Where ex BCT codes are indicated, the preferential is to be determined by application of the BCT codes and corresponding description taken together.

### **ANNEX XVa**

Legal acts relating to real-estate property in frontier regions in accordance with legislation in force in certain Member States of the Community

### **ANNEX XVb**

Financial services

Definitions:

A financial service is any service of a financial nature offered by a financial service provider of a party. Financial services include the following activities:

A. All insurance and insurance-related services.

1. Direct insurance (including co-insurance).

(i) life;

(ii) non-life.

2. Reinsurance and retrocession.

3. Insurance intermediation, such as brokerage and agency.

4. Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services.

B. Banking and other financial services (excluding insurance).

1. Acceptance of deposits and other repayable funds from the public.

2. Lending of all types, including, inter alia, consumer credit, mortgage credit, factoring and financing of commercial transaction.

3. Financial leasing.

4. All payment and money transmission services, including credit charge and debit cards, travellers cheques and bankers drafts.

5. Guarantees and commitments.

6. Trading for own account of customers, whether on an exchange, in an over the counter market or otherwise, the following:

(a) money market instruments (cheques, bills, certificates of deposits, etc.);

(b) foreign exchange;

(c) derivative products including, but not limited to, futures and options;

(d) exchange rates and interest rate instruments, including products such as swaps, forward rate agreements, etc.;

(e) transferable securities;

(f) other negotiable instruments and financial assets, including bullion.

7. Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services

related to such issues.

8. Money broking.

9. Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services.

10. Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments.

11. Advisory intermediation and other auxiliary financial services on all the activities listed in Points 1 to 10, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy.

12. Provision and transfer of financial information, and financial data processing and related software by providers of other financial services.

The following activities are excluded from the definition of financial services:

(a) Activities carried out by central banks or by any other public institution in pursuit of monetary and exchange rate policies.

(b) Activities conducted by central banks, government agencies or departments, or public institutions, for the account or with the guarantee of the government, except when those activities may be carried out by financial service providers in competition with such public entities.

(c) Activities forming part of a statutory system of social security of public retirement plans, except when those activities may be carried out by financial service providers in competition with public entities or private institutions.

#### **ANNEX XVc**

Sectors to be excluded from national treatment for a certain period of time

I. Acquisition of participation which ensures a majority in adopting decisions or blocks the adoption of decisions in companies engaged in the activities of manufacturing or trading with weapons, munitions or military equipment, banking and insurance, prospecting, development or extraction of natural resources from the territorial sea, continental shelf or the exclusive economic zone.

II. Representation at court and legal services not including legal advice in business related matters.

III. Arrangement of gambling games, lotteries, etc.

#### **ANNEX XVd**

Excluded sectors

I. Acquisition of land.

II. Acquisition of dwellings save for the case where construction rights have been performed or through a procedure established by law.

III. Owning real estate property in certain geographic regions as foreseen in Article 5, paragraph 3.3 of the Bulgarian Law on the economic activity of foreign persons and on the protection of foreign investments.

#### **ANNEX XVI**

Intellectual property

1. Paragraph 2 of Article 67 concerns the following multilateral conventions:

- Protocol relating to the Madrid Agreement concerning the international

registration of marks (Madrid 1989);

- International Convention for the protection of performers, producers of phonograms and broadcasting organizations (Rome, 1961);

2. The Association Council may decide that paragraph 2 of Article 67 shall apply to other present or future multilateral conventions, in particular the GATT-TRIPS (trade related intellectual property right) agreement.

3. The Contracting Parties confirm the importance they attach to the obligations arising from the following multilateral conventions:

- Berne Convention for the protection of literary and artistic works (Paris Act, 1971);

- Paris Convention for the protection of industrial property (Stockholm Act, 1967 and amended in 1979);

- Madrid Agreement concerning the international registration of marks (Stockholm Act, 1967 and amended in 1979);

- Budapest Treaty on the international recognition of the deposit of micro-organisms for the purposes of patent procedures (1977, modified in 1980);

- Patent Cooperation Treaty (Washington 1970, amended 1979 and modified in 1984).

4. Before the end of the first stage, Bulgaria shall comply in its internal legislation with the substantial provisions of the Nice Agreement concerning the international classification of goods and services for the purposes of registration of marks (Geneva 1977, amended 1979).

5. For the purposes of paragraph 3 of this Annex and the provisions of Article 76, paragraph 1 referring to intellectual property, Contracting Parties shall be Bulgaria, the European Economic Community and the Member States, each in as far as they are respectively competent for matters concerning industrial, intellectual and commercial property covered by these conventions or by Article 76, paragraph 1.

6. The provisions of this Annex and of the provisions of Article 76, paragraph 1 referring to intellectual property are without prejudice to the competence of the European Economic Community and its Member States in matters of industrial, intellectual and commercial property.

## **PROTOCOL 1 on textile and clothing products**

### Article 1

This Protocol applies to the textile and clothing products (hereinafter 'textile products') defined as follows:

- for quantitative purposes, textile products are those listed in Annex I to the Bilateral Agreement between the Community and Bulgaria on trade in textile products initialled on 11 July 1986 and applied provisionally since 1 January 1987, as amended by the exchange of letters initialled in Brussels on 21 November 1991 and by the exchange of letters initialled in Brussels on 18 December 1992,

- for tariff purposes, textile products are those in Section XI (Chapters 50 to 63) of the combined nomenclature of the Community, and of the Bulgarian Customs Tariff respectively.

### Article 2

1. Customs duties on imports applicable in the Community to textile products falling within Section XI (Chapters 50 to 63) of the combined nomenclature and originating in Bulgaria in accordance with Protocol 4 of the Agreement shall be reduced in order to arrive at their elimination at the end of a period of six years

starting from the entry into force of the Agreement, as follows:

- upon entry into force of the Agreement, to five-sevenths of the basic duty,
- at the start of the third year, to four-sevenths of the basic duty,
- at the start of the fourth year, to three-sevenths of the basic duty,
- at the start of the fifth year, to two-sevenths of the basic duty,
- at the start of the sixth year, to one-seventh of the basic duty,
- at the start of the seventh year the remaining duties shall be eliminated.

2. Customs duties on imports applicable in Bulgaria to textile products falling within Section XI (Chapters 50 to 63) of the Bulgarian Customs Tariff and originating in the Community in accordance with Protocol 4 of the Agreement shall be progressively eliminated as provided for in Article 11 of the Agreement.

3. The customs duties applicable to compensating products imported into the Community which originate in Bulgaria within the meaning of Protocol 4 of the Agreement, and which result from operations in Bulgaria in accordance with Council Regulation (EEC) No 636/82, shall be eliminated on the date of the entry into force of the Agreement.

4. The provisions of Articles 12 and 13 of the Agreement shall apply to trade in textile products between the Parties.

### Article 3

1. From the date of the entry into force of the Agreement until the entry into force of the Protocol referred to in paragraph 2 below, the quantitative arrangements and other related issues regarding exports of textile products originating in Bulgaria to the Community shall continue to be governed by the Bilateral Agreement on trade in textile products between the Community and Bulgaria, initialled on 11 July 1986 and applied provisionally since 1 January 1987, as amended by the exchange of letters initialled in Brussels on 21 November 1991 and by the exchange of letters initialled in Brussels on 18 December 1992. The Parties agree to amend as necessary the aforementioned Bilateral Agreement on trade in textile products to take account of the Community's policy on textiles after 1 January 1993.

The Parties agree that, as regards exports to the Community of textile products originating in Bulgaria, Article 26 (2) and Article 31 of the Agreement shall not apply during the period of application of the aforementioned Bilateral Agreement on trade in textile products.

2. Bulgaria and the Community hereby undertake to negotiate a new Protocol on quantitative arrangements and other related issues on their trade in textile products as soon as possible, taking into account the future regime governing international trade in textile products under discussion in the multilateral negotiations in Geneva. The modalities and period during which non-tariff barriers shall be eliminated will be determined in the new Protocol. The period shall be equal to half the integration period to be decided in the Uruguay Round negotiations starting from 1 January 1994 and it shall not be shorter than five years starting from 1 January 1993 or from the entry into force of the Agreement, if later. The new Protocol shall follow on the expiration of the agreement on textile products referred to in paragraph 1 above.

3. Taking into account the development of textile trade between the Parties, the degree of access of textile exports originating in the Community to Bulgaria and the results of the multilateral trade negotiations of the Uruguay Round, provision will be made in the new Protocol for a substantial improvement of the regime applied to imports into the Community regarding import levels, growth rates, flexibility for quantitative limitations and elimination of certain quantitative limitations after a case-by-case examination. Notwithstanding

Article 26 (2) and Article 31 of the Agreement, provision for a specific textiles safeguard mechanism shall also be made in the new Protocol. Such a mechanism shall not be globally more restrictive than the safeguard mechanism provided for in the textile Agreement referred to in paragraph 1 above.

4. Quantitative restrictions and measures of equivalent effect on imports of Community textile products into Bulgaria shall be abolished over the same period as is envisaged for the elimination of quantitative restrictions and measures of equivalent effect on imports of Bulgarian textile products into the Community.

#### Article 4

From the entry into force of the Agreement, no new quantitative restrictions or measures having equivalent effect shall be imposed except as provided for under the Agreement and its Protocols. In no case shall non-tariff barriers be applied in trade in textile products between the Community and Bulgaria after the transitional period provided for in Article 7 of the Agreement.

### **PROTOCOL 2 on ECSC products**

#### Article 1

This Protocol applies to products listed in Annex I to this Protocol.

#### CHAPTER I ECSC steel products

#### Article 2

Customs duties on imports applicable in the Community on ECSC steel products originating in Bulgaria shall be progressively abolished in accordance with the following timetable:

1. each duty shall be reduced to 80 % of the basic duty on the date of entry into force of the Agreement;
2. further reductions to 60, 40, 20 and 0 % of the basic duty shall be made at the beginning of the second, third, fourth and fifth years respectively after the entry into force of the Agreement.

#### Article 3

1. Customs duties on imports applicable in Bulgaria to ECSC steel products originating in the Community which are listed in Annex II to this Protocol shall be abolished on the date of entry into force of the Agreement.
2. Customs duties on imports applicable in Bulgaria to ECSC steel products originating in the Community which are listed in Annex III to this Protocol shall be progressively reduced in accordance with the following timetable:
  - one year after the entry into force of the Agreement, each duty shall be reduced to 80 % of the basic duty,
  - three years after the entry into force of the Agreement, each duty shall be reduced to 40 % of the basic duty,
  - five years after the entry into force of the Agreement the remaining duties shall be eliminated.
3. Customs duties on imports applicable in Bulgaria to ECSC steel products originating in the Community which are listed in Annex IV to this Protocol shall be progressively reduced in accordance with the following timetable:
  - three years after the entry into force of the Agreement, each duty shall be reduced to 80 % of the basic duty,
  - five years after the entry into force of the Agreement, each duty shall be

reduced to 60 % of the basic duty,  
- six years after the entry into force of the Agreement, each duty shall be reduced to 45 % of the basic duty,  
- seven years after the entry into force of the Agreement, each duty shall be reduced to 30 % of the basic duty,  
- eight years after the entry into force of the Agreement, each duty shall be reduced to 15 % of the basic duty,  
- nine years after the entry into force of the Agreement the remaining duties shall be eliminated.

#### Article 4

1. Quantitative restrictions and measures having equivalent effect on imports into the Community of ECSC steel products originating in Bulgaria shall be abolished on the date of the entry into force of the Agreement.  
2. Quantitative restrictions and measures of equivalent effect on imports into Bulgaria of ECSC steel products originating in the Community shall be abolished on the date of the entry into force of the Agreement.

#### Article 5

If, during a period equal to the derogation for subsidies pursuant to Article 9 (4) and given the particular sensitivity of the steel markets, imports of specific steel products originating in one Party cause or threaten to cause serious injury to domestic producers of like products or serious disturbances to the steel markets of the other Party, both Parties shall enter into consultations immediately to find an appropriate solution. Pending such a solution and notwithstanding other provisions of the Agreement and in particular Articles 31 and 34, when exceptional circumstances require immediate action, the importing Party may adopt forthwith quantitative or other solutions strictly necessary to deal with the situation, in accordance with its international and multilateral obligations.

### CHAPTER II ECSC coal products

#### Article 6

Customs duties on imports applicable in the Community on ECSC coal products originating in Bulgaria shall be progressively abolished in accordance with the following timetable:

1. on 1 January 1994 each duty shall be reduced to 50 % of the basic duty;
2. on 31 December 1995 the remaining duties shall be eliminated.

#### Article 7

Customs duties on imports applicable in Bulgaria to ECSC coal products originating in the Community shall be progressively abolished as provided for in Article 11 of the Agreement:

- for products listed in Annex II to this Protocol customs duties shall be abolished on the date of entry into force of the Agreement,
- for products listed in Annex IV to this Protocol customs duties shall be progressively reduced in accordance with Article 11 (3) of the Agreement.

#### Article 8

1. Quantitative restrictions and measures having equivalent effect applicable in the Community to ECSC coal products originating in Bulgaria shall be abolished at the latest one year after the entry into force of the Agreement, with the exception of those concerning the products and the regions described in Annex



V, which shall be abolished at the latest four years after the entry into force of the Agreement.

2. Quantitative restrictions and measures having equivalent effect on imports applicable in Bulgaria to ECSC coal products originating in the Community shall be abolished upon entry into force of the Agreement.

### CHAPTER III Common provisions

#### Article 9

1. The following are incompatible with the proper functioning of the Agreement, in so far as they may affect trade between the Community and Bulgaria:

- (i) all agreements of cooperative or concentrative nature 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;
- (ii) abuse by one or more undertakings of a dominant position in the territories of the Community or of Bulgaria as a whole or in a substantial part thereof;
- (iii) public aid in any form whatsoever except derogations allowed pursuant to the ECSC Treaty.

2. Any practices contrary to this Article should be assessed on the basis of criteria arising from the application of the rules of Articles 65 and 66 of the Treaty establishing the ECSC, of Articles 85 and 86 of the Treaty establishing the EEC and the rules on State aids, including the secondary legislation.

3. The Association Council shall, within three years of the entry into force of the Agreement, adopt the necessary rules for the implementation of paragraphs 1 and 2.

4. The Contracting Parties recognize that during the first five years after the entry into force of the Agreement, and by derogation from paragraph 1 (iii) of this Article, Bulgaria may exceptionally, as regards ECSC steel products, grant public aid for restructuring purposes, provided that:

- it leads to the viability of the benefiting firms under normal market conditions at the end of the restructuring period,
- the amount and intensity of such aid are strictly limited to what is absolutely necessary in order to restore such viability and are progressively reduced,
- the restructuring programme is linked to a global rationalizing and reduction of overall production capacity in Bulgaria.

5. Each Party shall ensure transparency in the area of public aid by a full and continuous exchange of information to the other Party, including amount, intensity and purpose of the aid and detailed restructuring plan.

6. If the Community or Bulgaria considers that a particular practice is incompatible with the terms of paragraph 1 as amended by paragraph 4 of this Article, and

- is not adequately dealt with under the implementing rules referred to in paragraph 3, or
- in the absence of such rules and if such practice causes or threatens to cause prejudice to the interests of the other Party or material injury to its domestic industry,

the affected Party may take appropriate measures if no solution is found within 30 days of the day the official request was introduced.

In the case of practices incompatible with paragraph 1 (iii) of this Article, such appropriate measures may only cover measures adopted in conformity with the procedures and under the conditions laid down by the General Agreement on Tariffs and Trade and any other relevant instrument negotiated under its

auspices which are applicable between the Parties.

Article 10

The provisions of Articles 12, 13 and 14 of the Agreement shall apply to trade between the partners in ECSC products.

Article 11

The Parties agree that one of the special bodies established by the Association Council shall be a Contact Group which will discuss the implementation of this Protocol.

**ANNEX I**

List of ECSC coal and steel products

2601 11 00  
2601 12 00  
2602 00 00  
2619 00 10  
2701 11 00  
2701 11 90  
2701 12 10  
2701 12 90  
2701 19 00  
2701 20 00  
2702 10 00  
2702 20 00  
2704 00 19  
2704 00 30  
7201 10 11  
7201 10 19  
7201 10 30  
7201 10 90  
7201 20 00  
7201 30 10  
7201 30 90  
7201 40 00  
7202 11 20  
7202 11 80  
7202 99 11  
7203 10 00  
7203 90 00  
7204 10 00  
7204 21 00  
7204 29 00  
7204 30 00  
7204 41 10  
7204 41 91  
7204 41 99  
7204 49 10  
7204 49 30  
7204 49 91  
7204 49 99  
7204 50 10

7204 50 90  
7206 10 00  
7206 90 00  
7207 11 11  
7207 11 19  
7207 12 11  
7207 12 19  
7207 19 11  
7207 19 15  
7207 19 31  
7207 20 11  
7207 20 15  
7207 20 17  
7207 20 31  
7207 20 33  
7207 20 51  
7207 20 55  
7207 20 57  
7207 20 71  
7208 11 00  
7208 12 10  
7208 12 91  
7208 12 95  
7208 12 98  
7208 13 10  
7208 13 91  
7208 13 95  
7208 13 98  
7208 14 10  
7208 14 91  
7208 14 99  
7208 21 10  
7208 21 90  
7208 22 10  
7208 22 91  
7208 22 95  
7208 22 98  
7208 23 10  
7208 23 91  
7208 23 95  
7208 23 98  
7208 24 10  
7208 24 91  
7208 24 99  
7208 31 00  
7208 32 10  
7208 32 30  
7208 32 51  
7208 32 59  
7208 32 91  
7208 32 99  
7208 33 10  
7208 33 91

7208 33 99  
7208 34 10  
7208 34 90  
7208 35 10  
7208 35 90  
7208 41 00  
7208 42 10  
7208 42 30  
7208 42 51  
7208 42 59  
7208 42 91  
7208 42 99  
7208 43 10  
7208 43 91  
7208 43 99  
7208 44 10  
7208 44 90  
7208 45 10  
7208 45 90  
7208 90 10  
7209 11 00  
7209 12 10  
7209 12 90  
7209 13 10  
7209 13 90  
7209 14 10  
7209 14 90  
7209 21 00  
7209 22 10  
7209 22 90  
7209 23 10  
7209 23 90  
7209 24 10  
7209 24 91  
7209 24 99  
7209 31 00  
7209 32 10  
7209 32 90  
7209 33 10  
7209 33 90  
7209 34 10  
7209 34 90  
7209 41 00  
7209 42 10  
7209 42 90  
7209 43 10  
7209 43 90  
7209 44 10  
7209 44 90  
7209 90 10  
7210 11 10  
7210 12 11  
7210 12 19

7210 20 10  
7210 31 10  
7210 39 10  
7210 41 10  
7210 49 10  
7210 50 10  
7210 60 11  
7210 60 19  
7210 70 31  
7210 70 39  
7210 90 31  
7210 90 33  
7210 90 35  
7210 90 39  
7210 90 90  
7211 11 00  
7211 12 10  
7211 12 90  
7211 19 10  
7211 19 91  
7211 19 99  
7211 21 00  
7211 22 10  
7211 22 90  
7211 29 10  
7211 29 91  
7211 29 99  
7211 30 10  
7211 41 10  
7211 41 91  
7211 49 10  
7211 90 11  
7212 10 10  
7212 10 91  
7212 21 00  
7212 29 11  
7212 30 11  
7212 40 10  
7212 40 91  
7212 50 31  
7212 50 51  
7212 60 11  
7212 60 91  
7213 10 00  
7213 20 00  
7213 31 00  
7213 39 00  
7213 41 00  
7213 49 00  
7213 50 10  
7213 50 90  
7214 20 00  
7214 30 00

7214 40 10  
7214 40 91  
7214 40 99  
7214 50 10  
7214 50 91  
7214 50 99  
7214 60 00  
7215 90 10  
7216 10 00  
7216 21 00  
7216 22 00  
7216 31 11  
7216 31 19  
7216 31 91  
7216 31 99  
7216 32 11  
7216 32 19  
7216 32 91  
7216 32 99  
7216 33 10  
7216 33 90  
7216 40 10  
7216 40 90  
7216 50 10  
7216 50 90  
7216 90 10  
7218 10 00  
7218 90 11  
7218 90 13  
7218 90 15  
7218 90 19  
7218 90 50  
7219 11 10  
7219 11 90  
7219 12 10  
7219 12 90  
7219 13 10  
7219 13 90  
7219 14 10  
7219 14 90  
7219 21 11  
7219 21 19  
7219 21 90  
7219 22 10  
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7219 23 90  
7219 24 10  
7219 24 90  
7219 31 10  
7219 31 90  
7219 32 10  
7219 32 90

7219 33 10  
7219 33 90  
7219 34 10  
7219 34 90  
7219 35 10  
7219 35 90  
7219 90 11  
7219 90 19  
7220 11 00  
7220 12 00  
7220 20 10  
7220 90 11  
7220 90 31  
7221 00 10  
7221 00 90  
7222 10 11  
7222 10 19  
7222 10 51  
7222 10 59  
7222 10 99  
7222 30 10  
7222 40 11  
7222 40 19  
7222 40 30  
7224 10 00  
7224 90 01  
7224 90 09  
7224 90 15  
7224 90 30  
7225 10 10  
7225 10 91  
7225 10 99  
7225 20 10  
7225 20 30  
7225 30 00  
7225 40 10  
7225 40 30  
7225 40 50  
7225 40 70  
7225 40 90  
7225 50 10  
7225 50 90  
7225 90 10  
7226 10 10  
7226 10 30  
7226 20 10  
7226 20 31  
7226 20 51  
7226 20 71  
7226 91 10  
7226 91 90  
7226 92 10  
7226 99 11

7226 99 31  
7227 10 00  
7227 20 00  
7227 90 10  
7227 90 30  
7227 90 80  
7228 10 10  
7228 10 30  
7228 20 11  
7228 20 19  
7228 20 30  
7228 30 10  
7228 30 30  
7228 30 80  
7228 60 10  
7228 70 10  
7228 70 31  
7228 80 10  
7228 80 90  
7301 10 00  
7302 10 31  
7302 10 39  
7302 10 90  
7302 20 00  
7302 40 10  
7302 90 10

## **ANNEX II**

List of ECSC coal and steel products referred to in Article 3 (1) and Article 7 of Protocol 2

TABLE POSITION

## **ANNEX III**

List of ECSC coal and steel products, referred to in Article 3 (2) of Protocol 2  
>TABLE POSITION>

## **ANNEX IV**

List of ECSC coal and steel products, referred to in Articles 3 (3) and 7 of Protocol 2  
>TABLE POSITION>

## **ANNEX V**

Products and regions referred to as exceptions in Article 8 of Protocol 2

Products  
2601 11 00  
2601 12 00  
2602 00 00  
2619 00 10



2701 11 00  
2701 11 90  
2701 12 10  
2701 12 90  
2701 19 00  
2701 20 00  
2702 10 00  
2702 20 00  
2704 00 19  
2704 00 30

Regions

All regions of:

- the Federal Republic of Germany,
- the Kingdom of Spain.

### **PROTOCOL 3 on trade between Bulgaria and the Community in processed agricultural products not covered by Annex II to the EEC Treaty**

#### Article 1

1. The Community shall grant the tariff concessions referred to in Annex I for processed agricultural products originating in Bulgaria. In the case of the goods referred to in Annex II, however, reductions of the variable components shall be granted within the quantity limits established by the Community.
2. During 1996, Bulgaria shall grant tariff concessions determined in accordance with this Protocol for the processed agricultural products referred to in Annex III.
3. The Association Council may:
  - add to the list of processed agricultural products referred to in this Protocol,
  - increase the quantities of processed agricultural products eligible for the tariff concessions established by this Protocol.
4. The Association Council may replace the concessions referred to in paragraph 1 with a system of compensatory amounts with no quantity limits, established on the basis of the differences found between the prices on the Community and Bulgarian markets of the agricultural products actually used to produce the processed agricultural products covered by this Protocol. The Association Council shall draw up a list of the products to which the compensatory amounts are applicable and a list of basic products. It shall adopt general implementing rules to that end.

#### Article 2

For the purposes of the Articles which follow, the definitions given below shall apply:

- 'goods': the processed agricultural products referred to in this Protocol,
- 'agricultural component of the levy or duty': the part of the levy or duty corresponding to the quantity of agricultural products incorporated into the processed product and deducted from the levy or duty applicable when such agricultural products are imported unprocessed,
- 'non-agricultural component of the levy or duty': the part of the levy or duty remaining when the agricultural component is deducted from the total levy or duty,
- 'basic products': the agricultural products considered as having been used in the production of goods within the meaning of Regulation (EEC) No 3033/80,
- 'base quantity': the quantity of a basic product calculated in the manner stipulated in Article 6 of Regulation (EEC) No 3033/80 and which is used to determine the variable component applicable to goods of a given type, in accordance with the terms of the same Regulation.

### Article 3

1. From the date this Agreement enters into force, the Community shall phase out the non-agricultural component of the duty in accordance with the timetable set out in Annex I. Where appropriate, there shall be no quantity limit.

2. The Community applies to imports from Bulgaria an agricultural component calculated on the basis below:

(a) for the goods for which Annex I stipulates a variable component (MOB), the latter shall be identical to that applying in the case of third countries;

(b) for the goods for which Annex I stipulates a reduced variable component (MOBR), the level of the latter shall be calculated by reducing the base quantities of the basic products for which a levy reduction is granted by 20 % in 1993, 40 % in 1994 and 60 % from 1995. In the case of other basic products, the corresponding reductions, for the same years, shall be 10, 20 and 30 %.

This reduction of the variable component shall be granted within the limits of the tariff quotas established in Annex II. For the quantities in excess of those quotas, the variable component applying to all third countries shall be restored.

3. In accordance with the procedure described in Article 1 (3), the variable components of goods, which are or will be included in Annex I, shall be replaced by reduced variable components if they are applied and in conformity with paragraph 2, if those goods are added to Annex III.

### Article 4

1. Bulgaria shall reduce progressively its import duties on the goods listed in Annex III in accordance with a timetable established by the Association Council. Those reductions shall be initiated in 1996 and be completed by 1 January 2000.

2. From the time at which the Agreement enters into force until 31 December 1996, Bulgaria shall apply to the goods referred to in Annex III the rates of duty in force on 28 February 1993. However, if reform of the Bulgarian agricultural policy causes the agricultural component of the duty to increase, Bulgaria shall inform the Association Council accordingly, which may agree to an increase in the rate of duty concerned which corresponds to the size of the agricultural component.

3. The duties applicable from 1 January 2000 may not exceed the equivalence of the duties applicable to the agricultural products incorporated in those goods in respect of the quantities of those agricultural products needed for the processing of the goods.

### Article 5

The reduction of the variable components referred to in Article 3 shall apply only from 1 May 1993.

## **ANNEX I**

Import duties applicable in the Community to goods originating in Bulgaria

>

TABLE POSITION

## **ANNEX II**

Quotas applicable to goods originating in Bulgaria on import into the Community

TABLE POSITION

## **ANNEX III**

1302 12 00  
1505 90 00  
1518 00 39  
1518 00 90  
1519 11 00  
1519 12 00  
1519 19 10  
1520 90 00  
1704 10 11  
1704 10 19  
1704 10 91  
1704 10 99  
1805 00 00  
1806 20 10  
1806 31 00  
1806 32 10  
1806 32 90  
1806 90 11  
1806 90 19  
1806 90 31  
1806 90 39  
1806 90 50  
1806 90 60  
1806 90 70  
1806 90 90  
1901 10 00  
1901 90 90  
1902 19 11  
1902 19 90  
1904 10 10  
1904 10 30  
1904 10 90  
1905 30 11  
1905 30 19  
1905 30 30  
1905 30 51  
1905 30 59  
1905 30 91  
1905 30 99  
1905 90 10  
1905 90 20  
1905 90 30  
1905 90 40  
1905 90 45  
1905 90 55  
1905 90 60  
1905 90 90  
2101 10 11  
2101 10 99  
2102 10 31  
2102 10 39  
2102 20 11  
2102 20 19

2102 30 00  
2103 20 00  
2103 90 90  
2105 00 10  
2105 00 91  
2105 00 99  
2106 10 10  
2106 10 90  
2106 90 91  
2106 90 99  
2201 90 00  
2202 90 10  
2202 90 91  
2202 90 95  
2202 90 99  
2203 00 10  
2203 00 90  
2205 10 10  
2205 10 90

PROTOCOL 4 concerning the definition of the concept of originating products and methods of administrative cooperation

## **TITLE I DEFINITION OF THE CONCEPT OF ORIGINATING PRODUCTS**

### Article 1

#### Origin Criteria

For the purpose of implementing the Agreement, and without prejudice to the provisions of Article 2 of this Protocol, the following products shall be considered as:

1. products originating in the Community:
  - (a) products wholly obtained in the Community, within the meaning of Article 3;
  - (b) products obtained in the Community in the manufacture of which products other than those referred to in (a) are used, provided that the said products have undergone sufficient working or processing within the meaning of Article 4;
2. products originating in Bulgaria:
  - (a) products wholly obtained in Bulgaria, within the meaning of Article 3;
  - (b) products obtained in Bulgaria in the manufacture of which products other than those referred to in (a) are used, provided that the said products have undergone sufficient working or processing within the meaning of Article 4.

### Article 2

#### Bilateral cumulation

1. Notwithstanding Article 1 (1) (b), materials originating in Bulgaria within the meaning of this Protocol shall be considered as materials originating in the Community and it shall not be necessary that such materials have undergone sufficient working or processing there, provided, however, that they have undergone working or processing going beyond that described in Article 4 (3) of this Protocol.
2. Notwithstanding Article 1 (2) (b), materials originating in the Community within the meaning of this Protocol shall be considered as originating in Bulgaria and it shall not be necessary that such materials have undergone sufficient working or processing there, provided, however, that they have undergone working or

processing going beyond that described in Article 4 (3) of this Protocol.

#### Article 3

##### Wholly obtained products

1. Within the meaning of Article 1 (1) (a) and (2) (a), the following shall be considered as wholly obtained either in the Community or in Bulgaria:

- (a) mineral products extracted from their soil or from their seabed;
- (b) vegetable products harvested there;
- (c) live animals born and raised there;
- (d) products from live animals raised there;
- (e) products obtained by hunting or fishing conducted there;
- (f) products of sea fishing and other products taken from the sea by their vessels;
- (g) products made aboard their factory ships exclusively from products referred to in subparagraph (f);
- (h) used articles collected there fit only for the recovery of raw materials;
- (i) waste and scrap resulting from manufacturing operations conducted there;
- (j) goods produced there exclusively from the products specified in subparagraphs (a) to (i).

2. The term 'their vessels' in paragraph 1 (f) shall apply only to vessels:

- which are registered or recorded in Bulgaria or in a Member State of the Community,
- which sail under the flag of Bulgaria or of a Member State of the Community,
- which are owned to an extent of at least 50 % by nationals of Bulgaria or of Member States of the Community, or by a company with its head office in one of these States or in Bulgaria, of which the manager or managers, chairman of the board of directors or the supervisory board, and the majority of the members of such boards are nationals of Bulgaria or of Member States of the Community and of which, in addition, in the case of partnerships or limited companies, at least half the capital belongs to these States, to Bulgaria, to their public bodies or to their nationals,
- of which the master and officers are nationals of Bulgaria or of Member States of the Community,
- of which at least 75 % of the crew are nationals of Bulgaria or of Member States of the Community.

3. The terms 'Bulgaria' and 'the Community' shall also cover the territorial waters which surround Bulgaria and the Member States of the Community.

Sea-going vessels, including factory ships on which the fish caught is worked or processed, shall be considered as part of the territory of the Community or of Bulgaria provided that they satisfy the conditions set out in paragraph 2.

#### Article 4

##### Sufficiently processed products

1. For the purposes of Article 1, non-originating materials are considered to be sufficiently worked or processed when the product obtained is classified in a heading which is different from that in which all the non-originating materials used in its manufacture are classified, subject to paragraphs 2 and 3.

The expressions 'chapters' and 'headings' used in this Protocol shall mean the chapters and the headings (four-digit codes) used in the nomenclature which makes up the Harmonized Commodity Description and Coding System (hereinafter referred to as the 'Harmonized System' or HS). The expression 'classified' shall refer to the classification of a product or material under a particular heading.

2. For a product mentioned in columns 1 and 2 of the list in Annex II, the conditions set out in column 3 for the product concerned must be fulfilled instead of the rule in

paragraph 1.

(a) Where in the list in Annex II a percentage rule is applied in determining the originating status of a product obtained in the Community or in Bulgaria, the value added by the working or processing shall correspond to the ex works price of the product obtained, less the value of third-country materials imported into the Community or Bulgaria.

(b) The term 'value' in the list in Annex II shall mean the customs value at the time of the import of the non-originating materials used or, if this is not known and cannot be ascertained, the first ascertainable price paid for these materials in the territory concerned.

Where the value of the originating materials used needs to be established, the provisions of the above subparagraph shall be applied *mutatis mutandis*.

(c) The term 'ex works price' in the list in Annex II shall mean the price paid for the product obtained to the manufacturer in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used in manufacture, minus any internal taxes which are, or may be, repaid when the product obtained is exported.

(d) 'Customs value' shall be understood as the value determined in accordance with the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade, established in Geneva on 12 April 1979.

3. For the purpose of implementing paragraphs 1 and 2, the following shall be considered as insufficient working or processing to confer the status of originating products, whether or not there is a change of heading:

(a) operations to ensure the preservation of products in good condition during transport and storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations);

(b) simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting up;

(c) (i) changes of packaging and breaking up and assembly of consignments;

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

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

(e) simple mixing of products, whether or not of different kinds, where one or more components of the mixture do not meet the conditions laid down in this Protocol to enable them to be considered as originating either in the Community or in Bulgaria;

(f) simple assembly of parts of articles to constitute a complete article;

(g) a combination of two or more operations specified in subparagraphs (a) to (f);

(h) slaughter of animals.

## Article 5

### Neutral elements

In order to determine whether a product originates in the Community or in Bulgaria, it shall not be necessary to establish the origin of electrical power, fuel, plant and equipment and machines and tools used to obtain such product nor of materials which do not enter into their final composition.

## Article 6

### Accessories, spare parts and tools

Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle which are part of the normal equipment and included in the

price thereof or are not separately invoiced are regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

#### Article 7

##### Sets

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

#### Article 8

##### Direct transport

1. The preferential treatment provided for under this Agreement applies only to products or materials, which are transported between the territories of the Community and of Bulgaria without entering any other territory. However, goods originating in Bulgaria or in the Community and constituting one single consignment which is not split up may be transported through territory other than that of the Community or Bulgaria, with, should the occasion arise, transshipment or temporary warehousing in such territory, provided that the goods have remained under the surveillance of the customs authorities in the country of transit or of warehousing and that they have not undergone operations other than unloading, reloading or any operation designed to preserve them in good condition.

2. Evidence that the conditions referred to in paragraph 1 have been fulfilled shall be supplied to the responsible customs authorities by the production of:

- (a) a single transport document issued in the exporting country covering the passage through the country of transit;
- (b) or a certificate issued by the customs authorities of the country of transit:
  - giving an exact description of the goods,
  - stating the dates of unloading and reloading of the goods or of the embarkation or disembarkation, identifying the ships or other means of transport used, and
  - certifying the conditions under which the goods remained in the transit country;
- (c) or failing these, any substantiating documents.

#### Article 9

##### Territorial requirement

The conditions set out in this Title relative to the acquisition of originating status must be fulfilled without interruption in the Community or in Bulgaria except as provided for in Article 2.

If originating products exported from the Community or Bulgaria to another country are returned, except in so far as provided for in Article 2, they must be considered as non-originating unless it can be demonstrated to the satisfaction of the customs authorities that:

- the goods returned are the same goods as those exported, and
- they have not undergone any operation beyond that necessary to preserve them in good condition while in that country.

## **TITLE II PROOF OF ORIGIN**

#### Article 10

##### Movement certificate EUR.1

Evidence of originating status of products, within the meaning of this Protocol, shall be given by a movement certificate EUR.1, a specimen of which appears in Annex

III to this Protocol.

#### Article 11

Normal procedure for the issue of certificates

1. A movement certificate EUR.1 shall be issued only on application having been made in writing by the exporter or, under the exporter's responsibility, by his authorized representative. Such application shall be made on a form, a specimen of which appears in Annex III to this Protocol, which shall be completed in accordance with this Protocol.

Applications for movement certificates EUR.1 must be preserved for at least two years by the customs authorities of the exporting State.

2. The exporter or his representative shall submit with his request any appropriate supporting document proving that the products to be exported are such as to qualify for the issue of a movement certificate EUR.1.

He shall undertake to submit, at the request of the appropriate authorities, any supplementary evidence they may require for the purpose of establishing the correctness of the originating status of the products eligible for preferential treatment and shall undertake to agree to any inspection of his accounts and to any check on the processes of the obtaining of the above products carried out by the said authorities.

Exporters must keep for at least two years the supporting documents referred to in this paragraph.

3. A movement certificate EUR.1 may be issued only where it can serve as the documentary evidence required for the purpose of implementing the agreement.

4. The movement certificate EUR.1 shall be issued by the customs authorities of a Member State of the European Economic Community if the goods to be exported can be considered as products originating in the Community within the meaning of Article 1 (1) of this Protocol. The movement certificate EUR.1 shall be issued by the customs authorities of Bulgaria if the goods to be exported can be considered as products originating in Bulgaria within the meaning of Article 1 (2) of this Protocol.

5. Where the cumulation provisions of Article 2 are applied, the customs authorities of the Member States of the Community or of Bulgaria may issue movement certificates EUR.1 under the conditions laid down in this Protocol if the goods to be exported can be considered as products originating in the Community or Bulgaria within the meaning of this Protocol and provided that the goods covered by the movement certificates EUR.1 are in the Community or in Bulgaria.

In these cases, the movement certificates EUR.1 shall be issued subject to the presentation of the proof of origin previously issued or made out. This proof of origin must be kept for at least two years by the customs authorities of the exporting State.

6. Since the movement certificate EUR.1 constitutes the documentary evidence for the application of the preferential tariff arrangements laid down in the Agreement, it shall be the responsibility of the customs authorities of the exporting country to take any steps necessary to verify the origin of the goods and to check the other statements on the certificate.

7. For the purpose of verifying whether the conditions for issuing EUR.1 certificates have been met, the customs authorities shall have the right to call for any documentary evidence or to carry out any check which they consider appropriate.

8. It shall be the responsibility of the customs authorities of the exporting State to ensure that the forms referred to in paragraph 1 are duly completed. In particular, they shall check whether the space reserved for the description of the products has been completed in such a manner as to exclude all possibility of fraudulent additions. To this end, the description of the products must be indicated without



leaving any blank lines. Where the space is not completely filled a horizontal line must be drawn below the last line of the description, the empty space being crossed through.

9. The date of issue of the movement certificate must be indicated in the part of the certificate reserved for the customs authorities.

10. A movement certificate EUR.1 shall be issued by the customs authorities of the exporting State when the products to which it relates are exported. It shall be made available to the exporter as soon as actual export has been effected or ensured.

## Article 12

### Long-term certificates EUR.1

1. Notwithstanding the provisions of Article 11 (10), a movement certificate EUR.1 may be issued by the customs authorities of the exporting State when only part of the products to which it relates are exported, in the case of a certificate covering a series of exportations of the same products from the same exporter to the same importer, over a maximum period of one year from the date of issue, hereinafter referred to as an 'LT certificate'.

2. LT certificates shall be issued, in accordance with the provisions of Article 11, at the discretion of the customs authorities of the exporting State and according to their own judgment of the need for this procedure, only where the originating status of the goods to be exported is expected to remain unchanged for the period of validity of the LT certificate. If any goods are no longer covered by the LT certificate, the exporter shall immediately inform the customs authorities who issued the certificate.

3. Where the LT certificate procedure applies, the customs authorities of the exporting State may prescribe the use of EUR.1 certificates bearing a distinctive sign by which they may be identified.

4. Box 11 'Customs endorsement' of the EUR.1 certificate must be endorsed as usual by the customs authorities of the exporting State.

5. One of the following phrases shall be entered in box 7 of the EUR.1 certificate:

'CERTIFICADO LT VÁLIDO HASTA EL . . .'

'LT-CERTIFICAT GYLDIGT INDTIL . . .'

'LT-CERTIFICATE GYLDIGT BIS . . .'

'РЙУФПРПЙЗФЙКП ЛТ ЙУЧХПН МЕЧСЙ . . .'

'LT -CERTIFICATE VALID UNTIL . . .'

'CERTIFICAT LT VALABLE JUSQU'AU . . .'

'CERTIFICATO LT VALIDO FINO AL . . .'

'LT-CERTIFICAAT GELDIG TOT EN MET . . .'

'LT-CERTIFICADO VALIDO ATÍ . . .'

'LT-CERTIFICAT VALIDEN DO . . .'

(date indicated in Arabic numerals).

6. Reference is not required in box 8 and box 9 of the LT certificate to the marks and numbers and number and kind of packages and the gross weight (kg) or other measures (litres, m<sup>3</sup>, etc.). Box 8 must, however, contain a description and designation of the goods which is sufficiently precise to allow for their identification.

7. Notwithstanding Article 17, the LT certificate must be submitted to the customs office of import at or before the first importation of any goods to which it relates. When the importer carries out the customs clearance at several customs offices in the State of importation, the customs authorities may require him to produce a copy of the LT certificate to all of those offices.

8. Where an LT certificate has been submitted to the customs authorities, the evidence of the originating status of the imported goods shall, during the validity of the LT certificate, be given by invoices which satisfy the following conditions:

(a) when an invoice includes both goods originating in the Community or Bulgaria and non-originating goods, the exporter shall distinguish clearly between these two categories;

(b) the exporter shall state on each invoice the number of the LT certificate which covers the goods and the date of expiry of the certificate and the names of the country or countries in which the goods originate.

The statement on the invoice made by the exporter of the number of the LT certificate with the indication of the country of origin shall constitute a declaration that the goods fulfil the conditions laid down in this Protocol for the acquisition of preferential origin status in trade between the Community and Bulgaria.

The customs authorities of the exporting State may require that the entries which, under the above provisions, must appear on the invoice, be supported by the manuscript signature followed by the name of the signatory in clear script;

(c) the description and the designation of the goods on the invoice shall be in sufficient detail to show clearly that the goods are also listed on the LT certificate to which the invoice refers;

(d) the invoices can be made out only for the goods exported during the period of validity of the relevant LT certificate. They may however be produced at the customs office of importation within four months of their being made out by the exporter.

9. In the framework of the LT certificate procedure, invoices which satisfy the conditions of this Article may be made out and/or transmitted using telecommunications or electronic data-processing methods. Such invoices shall be accepted by the customs of the importing State as evidence of the originating status of the goods imported in accordance with the procedures laid down by the customs authorities there.

10. Should the customs authorities of the exporting State identify that a certificate and/or invoice issued under the provisions of this Article is invalid in relation to any goods supplied, they shall immediately notify the customs authorities of the importing State of the facts.

11. The provisions of this Article shall not prejudice application of the rules of the Community, the Member States and Bulgaria on customs formalities and the use of customs documents.

### Article 13

#### Issue of EUR.1 retrospectively

1. In exceptional circumstances a movement certificate EUR.1 may also be issued after export of the products to which it relates if it was not issued at the time of export because of errors or involuntary omissions or special circumstances.

2. For the implementation of paragraph 1, the exporter must in the written application:

- indicate the place and date of export of the products to which the certificate relates,

- certify that no movement certificate EUR.1 was issued at the time of export of the products in question, and state the reasons.

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

Certificates issued retrospectively must be endorsed with one of the following phrases:

'NACHTRÄGLICH AUSGESTELLT', 'DĚLIVRŮ A POSTERIORI', 'RILASCIATO A POSTERIORI', 'AFGEGEVEN A POSTERIORI', 'ISSUED RETROSPECTIVELY', 'UDSTEDT EFTERFØLGENDE', 'ЕКДПИЕН ЕК ФЩН ХУФЕСЦН', 'EXPEDIDO A POSTERIORI',

'EMITIDO A POSTERIORI', 'ISADEN A POSTERIORI'.

4. The endorsement referred to in paragraph 3 shall be inserted in the 'Remarks' box on the movement certificate EUR.1.

#### Article 14

##### Issue of a duplicate EUR.1

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

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

'DUPLIKAT', 'DUPLICATA', 'DUPLICATO', 'DUPLICAAT', 'DUPLICATE', 'DUPLIKAT', 'БНФЙГСБЦП', 'DUPLICADO', 'SEGUNDA VHA', 'DUBLICAT'.

3. The endorsement referred to in paragraph 2 shall be inserted in the 'Remarks' box on the movement certificate EUR.1.

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

#### Article 15

##### Simplified procedure for the issue of certificates

1. By way of derogation from Articles 11, 12 and 14 of this Protocol, a simplified procedure for the issue of EUR.1 movement certificates can be used in accordance with the following provisions.

2. The customs authorities in the exporting State may authorize any exporter, hereinafter referred to as 'approved exporter', making frequent shipments for which EUR.1 movement certificates may be issued and who offers, to the satisfaction of the competent authorities, all guarantees necessary to verify the originating status of the products, not to submit to the customs office of the exporting State at the time of export either the goods or the application for an EUR.1 certificate relating to those goods, for the purpose of obtaining an EUR.1 certificate under the conditions laid down in Article 11 of this Protocol.

3. The authorization referred to in paragraph 2 shall stipulate, at the choice of the competent authorities, that box 11 'Customs endorsement' of the EUR.1 movement certificate must:

(a) either be endorsed beforehand with the stamp of the competent customs office of the exporting State and the signature, which may be a facsimile, of an official of that office; or

(b) be endorsed by the approved exporter with a special stamp which has been approved by the customs authorities of the exporting State and corresponds to the specimen given in Annex V of this Protocol. Such stamp may be pre-printed on the forms.

4. In the cases referred to in paragraphs 3 (a), one of the following phrases shall be entered in box 7 'Remarks' of the EUR.1 movement certificate:

'PROCEDIMIENTO SIMPLIFICADO', 'FORENKLET PROCEDURE', 'VEREINFACHTES VERFAHREN', 'БРЛПХУФЕХМЕНЗ ДЙБДЙКБУЙБ', 'SIMPLIFIED PROCEDURE', 'PROCEDURE SIMPLIFIЙE', 'PROCEDURA SEMPLIFICATA', 'VEREENVOUDIGDE PROCEDURE', 'PROCEDIMENTO SIMPLIFICADO', 'OPROSTENA PROCEDURA'.

5. Box 11 'Customs endorsement' of the EUR.1 certificate shall be completed if necessary by the approved exporter.

6. The approved exporter shall, if necessary, indicate in box 13 'Request for verification' of the EUR.1 certificate the name and address of the authority competent to verify such certificate.

7. Where the simplified procedure is applied, the customs authorities of the

exporting State may prescribe the use of EUR.1 certificates bearing a distinctive sign by which they may be identified.

8. In the authorization referred to in paragraph 2 the competent authorities shall specify in particular:

(a) the conditions under which the applications for EUR.1 certificates are to be made;

(b) the conditions under which these applications are to be kept for at least two years;

(c) in the cases referred to in paragraph 3 (b) the authority competent to carry out the subsequent verification referred to in Article 27 of this Protocol.

9. The customs authorities of the exporting State may declare certain categories of goods ineligible for the special treatment provided for in paragraph 2.

10. The customs authorities shall refuse the authorization referred to in paragraph 2 to exporters who do not offer all the guarantees which they consider necessary. The competent authorities may withdraw the authorization at any time. They must do so where the approved exporter no longer satisfies the conditions or no longer offers these guarantees.

11. The approved exporter may be required to inform the competent authorities, in accordance with the rules which they lay down, of the goods to be dispatched by him, so that such authorities may make any verification they think necessary before the departure of the goods.

12. The customs authorities of the exporting State may carry out any check on approved exporters, which they consider necessary. Such exporters must allow this to be done.

13. The provisions of this Article shall be without prejudice to the application of the rules of the Community, the Member States and Bulgaria concerning customs formalities and the use of customs documents.

## Article 16

### Replacement of certificates

1. It shall at any time be possible to replace one or more movement certificates EUR. 1 by one or more other certificates provided that this is done by the customs office or other competent authorities responsible for controlling the goods.

2. When products which originate in the Community or in Bulgaria and are imported into a free zone under cover of an EUR.1 certificate undergo treatment or processing, the authorities concerned must issue a new EUR.1 certificate at the exporter's request if the treatment of processing undergone is in conformity with the provisions of this Protocol.

3. The replacement certificate shall be regarded as a definite movement certificate EUR.1 for the purposes of the application of this Protocol, including the provisions of this Article.

4. The replacement certificate shall be issued on the basis of a written request from the re-exporter, after the authorities concerned have verified the information supplied in the applicant's request. The date and serial number of the original movement certificate EUR.1 shall be given in box 7.

## Article 17

### Validity of certificates

1. A movement certificate EUR.1 must be submitted, within four months of the date of issue by the customs authorities of the exporting State, to the customs office of the importing State where the products are entered.

2. Movement certificates EUR.1 which are submitted to the customs authorities of the importing State after the final date of presentation specified in paragraph 1 may

be accepted for the purpose of applying preferential treatment, where the failure to submit the certificates by the final date set is due to reasons of force majeure or exceptional circumstances.

3. In other cases of belated presentation, the customs authorities of the importing State may accept the certificates where the products have been submitted to them before the said final date.

## Article 18

### Exhibitions

1. Products sent from the Community or Bulgaria for exhibition in a country other than Bulgaria or a Member State of the Community and sold after the exhibition for importation into Bulgaria or the Community shall benefit on importation from the provisions of the Agreement on condition that the products meet the requirements of this Protocol entitling them to be recognized as originating in the Community or in Bulgaria and provided that it is shown to the satisfaction of the customs authorities that:

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

(b) the products have been sold or otherwise disposed of by that exporter to someone in the Community or Bulgaria;

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

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

2. A movement certificate EUR.1 must be produced to the customs authorities in the normal manner. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of the nature of the products and the conditions under which they have been exhibited may be required.

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

## Article 19

### Submission of certificates

Movement certificates EUR.1 shall be submitted to the customs authorities in the importing State in accordance with the procedures laid down by that State. The said authorities may require a translation of a certificate. They may also require the import declaration to be accompanied by a statement from the importer to the effect that the products meet the conditions required for the implementation of the Agreement.

## Article 20

### Importation by instalments

Without prejudice to Article 4 (3) of this Protocol, where, at the request of the person declaring the goods at the customs, a dismantled or non-assembled article falling within Chapter 84 or 85 of the Harmonized System is imported by instalments on the conditions laid down by the competent authorities, it shall be considered to be a single article and a movement certificate may be submitted for the whole article upon import of the first instalment.

## Article 21

#### Preservation of certificates

Movement certificates EUR.1 shall be preserved by the customs authorities of the importing State in accordance with the rules in force in that State.

#### Article 22

##### Form EUR.2

1. Notwithstanding Article 10, the evidence of originating status, within the meaning of this Protocol, for consignments containing only originating products and whose value does not exceed ECU 5 110 per consignment, may be provided by a form EUR.2, a specimen of which appears in Annex IV to this Protocol.
2. The form EUR.2 shall be completed and signed by the exporter or, under the exporter's responsibility, by his authorized representative in accordance with this Protocol.
3. A form EUR.2 shall be completed for each consignment.
4. The exporter who applied for the form EUR.2 shall submit at the request of the customs authorities of the exporting State all supporting documents concerning the use of this form.
5. Articles 17, 19 und 21 shall apply mutatis mutandis to form EUR.2.

#### Article 23

##### Discrepancies

The discovery of slight discrepancies between the statements made in the movement certificate EUR.1 or in the form EUR.2 and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not ipso facto render the document null and void if it is duly established that it corresponds to the products submitted.

#### Article 24

##### Exemptions from proof of origin

1. Products sent as small packages from private persons to private persons or forming part of travellers' personal luggage shall be admitted as originating products without requiring the production of a movement certificate EUR.1 or the completion of form EUR.2, provided that such products are not imported by way of trade and have been declared as meeting the conditions required for the application of the agreement, and where there is no doubt as to the veracity of such declaration.
2. Imports which are occasional and consist solely of products for the personal use of the recipients or travellers or their families shall not be considered as imports by way of trade if it is evident from the nature and quantity of the products that no commercial purpose is in view.  
Furthermore, the total value of these products must not exceed ECU 365 in the case of small packages or ECU 1 025 in the case of the contents of travellers' personal luggage.

#### Article 25

##### Amounts expressed in ecu

1. Amounts in the national currency of the exporting State equivalent to the amounts expressed in ecu shall be fixed by the exporting State and communicated to the other Parties to this Agreement. When the amounts are more than the corresponding amounts fixed by the importing State, the latter shall accept them if the goods are invoiced in the currency of the exporting State or of another of the countries mentioned in Article 2 of this Protocol.  
If the goods are invoiced in the currency of another Member State of the

Community, the importing State shall recognize the amount notified by the country concerned.

2. Up to and including 30 April 1993, the ecu to be used in any given national currency shall be the equivalent in that national currency of the ecu as at 3 October 1990. For each successive period of two years, it shall be the equivalent in that national currency of the ecu as at the first working day in October in the year immediately preceding that two-year period.

### **TITLE III ARRANGEMENTS FOR ADMINISTRATIVE COOPERATION**

#### Article 26

##### Communication of stamps and addresses

The customs authorities of the Member States and of Bulgaria shall provide each other, through the Commission of the European Communities, with specimen impressions of stamps used in their customs offices for the issue of EUR.1 certificates and with the addresses of the customs authorities responsible for issuing movement certificates EUR.1 and for verifying those certificates and forms EUR.2.

#### Article 27

##### Verification of movement certificates EUR.1 and of forms EUR.2

1. Subsequent verification of movement certificates EUR.1 and of forms EUR.2 shall be carried out at random or whenever the customs authorities of the importing State have reasonable doubts as to the authenticity of the document or the accuracy of the information regarding the true origin of the products in question.

2. For the purpose of the subsequent verification of movement certificates EUR.1, the customs authorities of the exporting State must keep copies of the certificates, as well as any export documents referring to them, for at least two years.

3. In order to ensure the proper application of this Protocol, Bulgaria and the Member States of the Community shall assist each other, through their respective customs administrations, in checking the authenticity of movement certificates EUR.1, including those issued pursuant to Article 11 (5), and the forms EUR.2 and the accuracy of the information concerning the actual origin of the products concerned.

4. For the purpose of implementing paragraph 1, the customs authorities of the importing State shall return the movement certificate EUR.1 or form EUR.2, or a photocopy thereof, to the customs authorities of the exporting State, giving, where appropriate, the reasons of form or substance for an enquiry.

The relevant commercial documents, or a copy thereof, shall be attached to the certificate EUR.1 or form EUR. 2 and the customs authorities shall forward any information that has been obtained suggesting that the particulars given on the said certificate or the said form are inaccurate.

5. If the customs authorities of the importing State decide to suspend execution of the provisions of the Agreement while awaiting the results of the verification, they shall offer to release the products to the importer subject to any precautionary measures judged necessary.

6. The customs authorities of the importing State shall be informed of the results of the verification as soon as possible. These results must be such as to make it possible to determine whether the disputed movement certificate EUR.1 or form EUR.2 apply to the products in question and whether those products can, in fact, qualify for the application of the preferential arrangements.

If in cases of reasonable doubt there is no reply within 10 months of the date of the verification request, or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the

products, the requesting authorities shall refuse, except in the case of force majeure or exceptional circumstances, any benefit from the preferential treatment laid down in the Agreement.

7. Disputes which cannot be settled between the customs authorities of the importing State and those of the exporting State, or which raise a question as to the interpretation of this Protocol, shall be submitted to the Customs Cooperation Committee.

8. In all cases the settlement of disputes between the importer and the customs authorities of the importing State shall be under the legislation of the said State.

9. Where the verification procedure or any other available information appears to indicate that the provisions of this Protocol are being contravened, the Community or Bulgaria shall in its own initiative or at the request of the other Party carry out appropriate enquiries or arrange for such enquiries to be carried out with due urgency to identify and prevent such contraventions, and for this purpose the Community or Bulgaria may invite the participation of the other Party in these enquiries.

10. Where the verification procedure or any other available information appears to indicate that the provisions of this Protocol are being contravened, the products would be accepted as originating products under this Protocol only after completion of such aspects of administrative cooperation set down in this Protocol which may have been activated, including in particular the verification procedure.

Likewise, products would be refused treatment as originating products under this Protocol only after the completion of the verification procedure.

#### Article 28

##### Penalties

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

#### Article 29

##### Free zones

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

### **TITLE IV CEUTA AND MELILLA**

#### Article 30

##### Application of the Protocol

1. The term 'Community' used in this Protocol does not cover Ceuta or Melilla. The term 'products originating in the Community' does not cover products originating in these zones.

2. This Protocol shall apply mutatis mutandis to products originating in Ceuta and Melilla, subject to particular conditions set out in Article 31.

#### Article 31

##### Special conditions

1. The following provisions shall apply instead of Article 1 and references to that Article shall apply mutatis mutandis to this Article.

2. Providing they have been transported directly in accordance with the provisions



of Article 8, the following shall be considered as:

1. products originating in Ceuta and Melilla:
  - (a) products wholly obtained in Ceuta and Melilla;
  - (b) products obtained in Ceuta and Melilla in the manufacture of which products other than those referred to in (a) are used, provided that:
    - (i) the said products have undergone sufficient working or processing within the meaning of Article 4 of this Protocol; or that
    - (ii) those products are originating in Bulgaria or the Community within the meaning of this Protocol, provided that they have been submitted to working or processing which goes beyond the insufficient working or processing referred to in Article 4 (3);
2. products originating in Bulgaria:
  - (a) products wholly obtained in Bulgaria;
  - (b) products obtained in Bulgaria in the manufacture of which products other than those referred to in (a) are used, provided that:
    - (i) the said products have undergone sufficient working or processing within the meaning of Article 4 of this Protocol; or that
    - (ii) those products are originating in Ceuta and Melilla or the Community within the meaning of this Protocol, provided that they have been submitted to working or processing which goes beyond the insufficient working or processing referred to in Article 4 (3).
3. Ceuta and Melilla shall be considered as a single territory.
4. The exporter or his authorized representative shall enter 'Bulgaria' and 'Ceuta and Melilla' in box 2 of movement certificates EUR.1. In addition, in the case of products originating in Ceuta and Melilla, this shall be indicated in box 4 of movement certificates EUR.1.
5. The Spanish customs authorities shall be responsible for the application of this Protocol in Ceuta and Melilla.

## **TITLE V FINAL PROVISIONS**

### Article 32

#### Amendments to the Protocol

The Association Council shall examine at two-yearly intervals, or whenever Bulgaria or the Community so request, the application of the provisions of this Protocol, with a view to making any necessary amendments or adaptations.

Such examination shall take into account in particular the participation of the Contracting Parties in free trade zones or customs unions with third countries.

### Article 33

#### Customs cooperation committee

1. A customs cooperation committee shall be set up, charged with carrying out administrative cooperation with a view to the correct and uniform application of this Protocol and with carrying out any other task in the customs field which may be entrusted to it.

2. The committee shall be composed, on the one hand, of experts of the Member States and of officials of the departments of the Commission of the European Communities who are responsible for customs questions and, on the other hand, of experts nominated by Bulgaria.

### Article 34

#### Petroleum products

The products set out in Annex VI shall be temporarily excluded from the scope of this Protocol. Nevertheless, the arrangements regarding administrative cooperation

shall apply, mutatis mutandis, to these products.

#### Article 35

##### Annexes

The Annexes to this Protocol shall form an integral part thereof.

#### Article 36

##### Implementation of the Protocol

The Community and Bulgaria shall each take the steps necessary to implement this Protocol.

#### Article 37

##### Goods in transit or storage

The provisions of the Agreement may be applied to goods which comply with the provisions of this Protocol and which on the date of entry into force of the Agreement are either in transit or are in the Community or in Bulgaria in temporary storage in bonded warehouses or in free zones, subject to the submission to the customs authorities of the importing State, within four months of that date, or a certificate EUR.1 endorsed retrospectively by the competent authorities of the exporting State together with the documents showing that the goods have been transported directly.

## **ANNEX I**

### NOTES

#### Foreword

These notes shall apply, where appropriate, to all manufactured products using non-originating materials, even if they are not subject to specific conditions contained in the list in Annex II but are subject instead to the change of heading rule set out in Article 4 (1).

#### Note 1

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

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

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

#### Note 2

- 2.1. The term 'manufacture' covers any kind of working or processing including 'assembly' or specific operations. However, see Note 3.5 below.
- 2.2. The term 'material' covers any ingredient, raw material, component or part, etc., used in the manufacture of the product.
- 2.2. The term 'product' refers to the product being manufactured, even if it is intended for later use in another manufacturing operation.
- 2.3. The term 'goods' covers both materials and products.

#### Note 3

- 3.1. In the case of any heading not in the list or any part of a heading that is not in the list, the 'change of heading' rule set out in Article 4 (1) applies. If a 'change of heading' condition applies to any entry in the list, then it is contained in the rule in column 3.
- 3.2. The working or processing required by a rule in column 3 has to be carried out only in relation to the non-originating materials used. The restrictions contained in a rule in column 3 likewise apply only to the non-originating materials used.
- 3.3. Where a rule states that 'materials of any heading' may be used, materials of the same heading as the product may also be used, subject, however, to any specific limitations which may also be contained in the rule. However, the expression 'manufacture from materials of any heading, including other materials of heading No . . . .' means that only materials classified in the same heading as the product of a different description than that of the product as given in column 2 of the list may be used.
- 3.4. If a product made from non-originating materials which has acquired originating status during manufacture by virtue of the change of heading rule or its own list rule is used as a material in the process of manufacture of another product, then the rules applicable to the product in which it is incorporated does not apply to it.  
For example:  
An engine of heading No 8407, for which the rule states that the value of the non-originating materials which may be incorporated may not exceed 40 % of the ex works price, is made from 'other alloy steel roughly shaped by forging' of heading No 7224.  
If this forging has been forged in the country concerned from a non-originating ingot then the forging has already acquired origin by virtue of the rule for heading No ex 7224 in the list. It can then count as originating in the value calculation for the engine regardless of whether it was produced in the same factory or another. The value of the non-originating ingot is thus not taken into account when adding up the value of the non-originating materials used.
- 3.5. Even if the change of heading rule or the other rules contained in the list are satisfied, a product shall not acquire originating status if the processing carried out, taken as a whole, is insufficient within the meaning of Article 4 (3).
- 3.6. The unit of qualification for the application of the origin rules shall be the particular product which is considered as the basic unit when determining classification using the nomenclature of the Harmonized System. In the case of sets of products which are classified by virtue of General Rule 3 for the interpretation of the Harmonized System, the unit of qualification shall be determined in respect of each item in the set: this provision is equally applicable to sets of heading Nos 6308, 8206 and 9605.

Accordingly, it follows that:

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

of qualification,

- when a consignment consists of a number of identical products classified under the same heading of the Harmonized System, each product must be taken individually when applying the origin rules,
- where, under General Rule 5 of the Harmonized System, packing is included with the product for classification purposes, it shall be included for the purposes of determining origin.

#### Note 4

4.1. The rule in the list represents the minimum amount of working or processing required and the carrying out of more working or processing also confers originating status; conversely, the carrying out of less working or processing cannot confer origin. Thus if a rule says that non-originating material at a certain level of manufacture may be used, the use of such material at an earlier stage of manufacture is allowed and the use of such material at a later stage is not.

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

For example:

The rule for fabrics says that natural fibres may be used and that chemical materials, among other materials, may also be used. This does not mean that both have to be used; one can use one or the other or both.

If, however, a restriction applies to one material and other restrictions apply to other materials in the same rule, then the restrictions only apply to the materials actually used.

For example:

The rule for sewing machines specifies that both the thread tension mechanism used and the zigzag mechanism used must originate; these two restrictions only apply if the mechanisms concerned are actually incorporated into the sewing machine.

4.3. When a rule in the list specifies that a product must be manufactured from a particular material, the condition obviously does not prevent the use of other materials which, because of their inherent nature, cannot satisfy the rule.

For example:

The rule for heading No 1904 which specifically excludes the use of cereals or their derivatives does not prevent the use of mineral salts, chemicals and other additives which are not produced from cereals.

For example:

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

See also Note 7.3 in relation to textiles.

4.4. If in a rule in the list two or more percentages are given for the maximum value of non-originating materials that can be used, then these percentages may not be added together. The maximum value of all the non-originating materials used may never exceed the highest of the percentages given. Furthermore, the individual percentages must not be exceeded in relation to the particular materials they apply to.

#### Note 5

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

5.2. The term 'natural fibres' includes horsehair of heading No 0503, silk of heading Nos 5002 and 5003 as well as the wool fibres, fine or coarse animal hair of heading Nos 5101 to 5105, the cotton fibres of heading Nos 5201 to 5203 and other vegetable fibres of heading Nos 5301 to 5305.

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

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

#### Note 6

6.1. In the case of the products classified within those headings in the list to which a reference is made to this Note, the conditions set out in column 3 of the list shall not be applied to any basic textile materials used in their manufacture which, taken together, represent 10 % or less of the total weight of all the basic textile materials used (but see also Notes 6.3 and 6.4).

6.2. However, this tolerance may only be applied to mixed products which have been made from two or more basic textile materials.

The following are the basic textile materials:

- silk,
- wool,
- coarse animal hair,
- fine animal hair,
- horsehair,
- cotton,
- paper-making materials and paper,
- flax,
- true hemp,
- jute and other textile bast fibres,
- sisal and other textile fibres of the genus Agave,
- coconut, abaca, ramie and other vegetable textile fibres,
- synthetic man-made filaments,
- artificial man-made filaments,
- synthetic man-made staple fibres,
- artificial man-made staple fibres.

For example:

A yarn of heading No 5205 made from cotton fibres of heading No 5203 and synthetic staple fibres of heading No 5506 is a mixed yarn. Therefore, non-originating synthetic staple fibres that do not satisfy the origin rules (which require manufacture from chemical materials or textile pulp) may be used up to a weight of 10 % of the yarn.

For example:

A woollen fabric of heading No 5112 made from woollen yarn of heading No 5107 and synthetic yarn of staple fibres of heading No 5509 is a mixed fabric. Therefore synthetic yarn which does not satisfy the origin rules (which require manufacture from chemical materials or textile pulp) or woollen yarn that does not satisfy the origin rules (which require manufacture from natural fibres, not carded or combed or otherwise prepared for spinning) or a combination of the two may be used up to a weight of 10 % of the fabric.

For example:

Tufted textile fabric of heading No 5802 made from cotton yarn of heading No 5205 and cotton fabric of heading No 5210 is only a mixed product if the cotton fabric is itself a mixed fabric being made from yarns classified in two separate headings or if the cotton yarns used are themselves mixtures.

For example:

If the tufted textile fabric concerned had been made from cotton yarn of heading No 5205 and synthetic fabric of heading No 5407, then, obviously, the yarns used are two separate basic textile materials and the tufted textile fabric is accordingly a mixed product.

For example:

A carpet with tufts made from both artificial yarns and cotton yarns and with a jute backing is a mixed product because three basic textile materials are used. Thus, any non-originating materials that are at a later stage of manufacture than the rule allows may be used, provided their total weight taken together does not exceed 10 % of the weight of the textile materials in the carpet. Thus, both the jute backing and/or the artificial yarns could be imported at that stage of manufacture, provided the weight conditions are met.

6.3. In the case of fabrics incorporating 'yarn made of polyurethane segmented with flexible segments of polyether whether or not gimped' this tolerance is 20 % in respect of this yarn.

6.4. In the case of fabrics incorporating strip consisting of a core of aluminium foil or of a core of plastic film whether or not coated with aluminium powder, of a width not exceeding 5 mm, sandwiched by means of an adhesive between two films of plastic film, this tolerance is 30 % in respect of this strip.

#### Note 7

7.1. In the case of those textile products which are marked in the list by a footnote referring to this note, textile materials with the exception of linings and interlinings which do not satisfy the rule set out in the list in column 3 for the made-up products concerned may be used provided that they are classified in a heading other than that of the product and that their value does not exceed 8 % of the ex works price of the product.

7.2. Any non-textile trimmings and accessories or other materials used which contain textiles do not have to satisfy the conditions set out in column 3 even though they fall outside the scope of Note 4.3.

7.3. In accordance with Note 4.3, any non-originating non-textile trimmings and accessories or other product, which do not contain any textiles, may, anyway, be used freely where they cannot be made from the materials listed in column 3.

For example:

If a rule in the list says that for a particular textile item, such as a blouse, yarn must be used, this does not prevent the use of metal items, such as buttons, because they cannot be made from textile materials.

7.4. Where a percentage rule applies, the value of trimmings and accessories must be taken into account when calculating the value of the non-originating materials incorporated.

## **ANNEX II**

LIST OF WORKING OR PROCESSING REQUIRED TO BE CARRIED OUT ON NON-ORIGINATING MATERIALS IN ORDER THAT THE PRODUCT MANUFACTURED CAN OBTAIN ORIGINATING STATUS

## TABLE POSITION

### **ANNEX III**

#### MOVEMENT CERTIFICATES EUR.1

1. Movement certificates EUR.1 shall be made out on the form of which a specimen appears in this Annex. This form shall be printed in one or more of the languages in which the Agreement is drawn up. Certificates shall be made out in one of these languages and in accordance with the provisions of the domestic law of the exporting State. If they are handwritten, they shall be completed in ink and in capital letters.
2. Each certificate shall measure 210 4 297 mm; a tolerance of up to minus 5 mm or plus 8 mm in the length may be allowed. The paper used must be white, sized for writing, not containing mechanical pulp and weighing not less than 25 g/m<sup>2</sup> shall have a printed green guilloche pattern background making any falsification by mechanical or chemical means apparent to the eye.
3. The competent authorities of the Member States of the Community and of Bulgaria may reserve the right to print the certificates themselves or may have them printed by approved printers. In the latter case each certificate must include a reference to such approval. Each certificate must bear the name and address of the printer or a mark by which the printer can be identified. It shall also bear a serial number, either printed or not, by which it can be identified.

### **ANNEX IV**

#### FORM EUR.2

1. Form EUR.2 shall be made out on the form of which a specimen appears in this Annex. This form shall be printed in one or more of the languages in which the Agreement is drawn up. Forms shall be made out in one of these languages and in accordance with the provisions of the domestic law of the exporting State. If they are handwritten, they shall be completed in ink and in capital letters.
2. Each form EUR.2 shall measure 210 4 148 mm; a maximum tolerance of up to minus 5 mm or plus 8 mm in the length may be allowed. The paper used must be white, sized for writing, not containing mechanical pulp and weighing not less than 64 g/m<sup>2</sup>.
3. The competent authorities of the Member States of the Community and of Bulgaria may reserve the right to print the forms themselves or may have them printed by approved printers. In the latter case each form must include a reference to such approval. Each form must bear the name and address of the printer or a mark by which the printer can be identified. It shall also bear a serial number, either printed or not, by which it can be identified.

### **ANNEX V**

Specimen impression of the stamp mentioned in Article 15 (3) (b)

>START OF GRAPHIC<

(1) Initials or coat of arms of the exporting State.

(2) Such information as is necessary for the identification of the approved exporter.

>END OF GRAPHIC<

## **ANNEX VI**

LIST OF PRODUCTS REFERRED TO IN ARTICLE 34 WHICH ARE TEMPORARILY EXCLUDED FROM THE SCOPE OF THIS PROTOCOL  
>TABLE POSITION>

## **PROTOCOL 5**

CHAPTER I Specific provisions relating to trade between Spain and Bulgaria

### Article 1

The provisions of the Agreement relating to trade in Title III shall be amended as follows in order to take account of the measures and undertakings listed in the Act of Accession of the Kingdom of Spain to the European Communities (hereinafter called 'the Act of Accession').

### Article 2

Under the Act of Accession, Spain shall not grant to products originating in Bulgaria more favourable treatment than it provides for imports originating or in free circulation in other Member States.

### Article 3

1. Duties applied by the Kingdom of Spain to agricultural products as defined in Article 19 of the Agreement originating in Bulgaria and listed in Annexes XI and XIII of the Agreement shall be progressively aligned with those applied by the Community of Ten in accordance with the procedure and timetables set out in Articles 75 (2) and (3) of the Act of Accession.
2. Levies applied by the Kingdom of Spain to agricultural products referred to in Article 21 (2) of the Agreement originating in Bulgaria and listed in Annex XI, and to the agricultural component of products referred to in Protocol 3 originating in Bulgaria, will be the levies applied each year by the Community of Ten adjusted by the accession compensatory amounts as set out in the Act of Accession.

### Article 4

The implementation by Spain of the undertakings covered by Article 10 (4) of the Agreement shall take place at the time set for the remaining Member States always provided that Bulgaria has been removed from the scope of Regulations (EEC) No 1765/82 and (EEC) No 3420/83 on import arrangements for products originating in State-trading countries.

### Article 5

Quantitative restrictions may be applied to imports into Spain of products originating in Bulgaria until 31 December 1995 in respect of the products listed in Annex A.

### Article 6

Application of the provisions of this Protocol shall be without prejudice to Council Regulation (EEC) No 1911/91 of 26 June 1991 on the application of the provisions of Community law to the Canary Islands or Council Decision 91/314/EEC of 26 June 1991 setting up a programme of options specific to the remote and insular nature of the Canary Islands (Poseican).

CHAPTER II Specific provisions relating to trade between Portugal and Bulgaria



#### Article 7

The provisions of the Agreement relating to trade in Title III shall be amended as follows in order to take account of the measures and undertakings listed in the Act of Accession of the Portuguese Republic to the European Communities (hereinafter called 'the Act of Accession').

#### Article 8

Under the Act of Accession Portugal shall not grant Bulgaria more favourable treatment than is provided for imports originating in other Member States.

#### Article 9

1. The duties applicable by the Portuguese Republic to industrial products originating in Bulgaria and referred to in Article 4 of the Agreement and in Protocols 1 and 2 and to the non-agricultural components of products included in Protocol 3 shall be phased out according to the procedure and timetables set forth in this Article.

2. Tariff dismantling shall take as its basic starting point the duties actually applied by the Portuguese Republic in its trade with the Community of Ten on 1 January 1985; from the entry into force of the Agreement, duties shall be aligned on those applied by the Community of Ten.

However, for products referred to in Annex XXXI of the Act of Accession tariff dismantling shall be carried out according to the same timetable and start from the duties actually applied by the Portuguese Republic in its trade with third countries on 1 January 1985.

#### Article 10

1. The duties applied by the Portuguese Republic to agricultural products as defined in Article 19 of the Agreement originating in Bulgaria and listed in Annexes XII and XIII of the Agreement shall be progressively aligned with those applied by the Community of Ten in accordance with the procedure and timetables set out below in this Article.

2. For agricultural products other than those referred to in paragraph 3 of this Article the Portuguese Republic shall reduce its tariffs from those actually applied by it in its trade with third countries on 1 January 1985. Each year the difference between those and those applied by the Community of Ten shall be reduced in accordance with the following timetable:

- from entry into force of the Agreement, the difference shall be reduced to 27,2 % of the original difference,

- on 1 January 1994, the difference shall be reduced to 18,1 % of the original difference,

- on 1 January 1995, the difference shall be reduced to 9 % of the original difference,

- from 1 January 1996, the Portuguese Republic shall apply the same duties as the Community of Ten.

3. The Portuguese Republic shall apply a duty to the agricultural products referred to in Regulations (EEC) No 136/66, (EEC) No 804/68, (EEC) No 805/68, (EEC) No 1035/72, (EEC) No 2727/75, (EEC) No 2759/75, (EEC) No 2771/75, (EEC) No 2777/75, (EEC) No 1418/76 and (EEC) No 822/87, which reduces the difference between the duty actually applied on 31 December 1990 and the preferential duty in accordance with the following timetable:

- from the entry into force of the Agreement, the difference shall be reduced to 49,9 % of the initial difference,

- on 1 January 1994, the difference shall be reduced to 33,2 % of the initial difference,
- on 1 January 1995, the difference shall be reduced to 16,5 % of the initial difference.

Portugal shall apply preferential rates in full from 1 January 1996.

#### Article 11

The implementation by Portugal of the undertakings covered by Article 10 (4) of the European Agreement shall take place at the time set for the remaining Member States always provided that Bulgaria has been removed from the scope of Regulations (EEC) No 1765/82 and (EEC) No 3420/83 on import arrangements for products originating in State-trading countries.

#### Article 12

Quantitative restrictions may be applied to imports into Portugal of products originating in Bulgaria until 31 December 1995 in respect of the products listed in Annex B.

#### ANNEX A

>TABLE POSITION>

#### ANNEX B

0103 10 00  
0103 91 10  
0103 92 11  
0103 92 19  
0701 10 00  
0701 90 10  
0701 90 51  
0701 90 59  
0803 00 10  
0803 00 90  
0804 30 00  
2204 21 10  
2204 21 21  
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## PROTOCOL 6 on mutual assistance in customs matters

### Article 1

#### Definitions

For the purposes of this Protocol:

- (a) customs legislation: shall mean provisions applicable in the territories of the Contracting Parties governing the import, export, transit of goods and their placing under any other customs procedure, including measures of prohibition, restriction and control adopted by the said Parties;
- (b) customs duties: shall mean all duties, taxes, fees or/and other charges which are levied and collected in the territories of the Contracting Parties, in application of customs legislation, but not including fees and charges which are limited in amount to the approximate costs of services rendered;
- (c) applicant authority: shall mean a competent administrative authority which has been appointed by a Contracting Party for this purpose and which makes a request for assistance in customs matters;
- (d) requested authority: shall mean a competent administrative authority which has been appointed by a Contracting Party for this purpose and which receives a request for assistance in customs matters;
- (e) contravention: shall mean any violation of the customs legislation as well as any attempted violation of such legislation.

### Article 2

#### Scope

1. The Contracting Parties shall assist each other, in the manner and under the conditions laid down in this Protocol, in ensuring that customs legislation is correctly applied, in particular by the prevention, detection and investigation of contraventions of this legislation.
2. Assistance in customs matters, as provided for in this Protocol, applies to any administrative authority of the Contracting Parties which is competent for the application of this Protocol. It shall not prejudice the rules governing mutual assistance in criminal matters. Nor shall it cover information obtained under powers exercised at the request of the judicial authority, unless those authorities so agree.

### Article 3

#### Assistance on request

1. At the request of the applicant authority, the requested authority shall furnish it with all relevant information to enable it to ensure that customs legislation is correctly applied, including information regarding operations noted or planned which contravene or would contravene such legislation.
2. At the request of the applicant authority, the requested authority shall inform it whether goods exported from the territory of one of the Contracting Parties have been properly imported into the territory of the other Party, specifying, where appropriate, the customs procedure applied to the goods.
3. At the request of the applicant authority, the requested authority shall take the necessary steps to ensure that a surveillance is kept on:
  - (a) natural or legal persons of whom there are reasonable grounds for believing that they are contravening or have contravened customs legislation;
  - (b) movement of goods notified as possibly giving rise to substantial contraventions of customs legislation;
  - (c) means of transport for which there are reasonable grounds for believing that they have been, are or may be used in the contravening of customs legislation.

#### Article 4

##### Spontaneous assistance

The Contracting Parties shall within their competences provide each other with assistance if they consider that to be necessary for the correct application of customs legislation, particularly when they obtain information pertaining to:

- operations which have contravened, contravene or would contravene such legislation and which may be of interest to other Contracting Parties,
- new means or methods employed in realizing such operations,
- goods known to be subject to substantial contravention of customs legislation on import, export, transit or any other customs procedure.

#### Article 5

##### Delivery/Notification

At the request of the applicant authority, the requested authority shall in accordance with its legislation take all necessary measures in order:

- to deliver all documents,
- to notify all decisions,

falling within the scope of this Protocol to an addressee, residing or established in its territory. In such a case Article 6 (3) is applicable.

#### Article 6

##### Form and substance of requests for assistance

1. Requests pursuant to the present Protocol shall be made in writing. Documents necessary for the execution of such requests shall accompany the request. When required because of the urgency of the situation, oral requests may be accepted, but must be confirmed in writing immediately.

2. Requests pursuant to paragraph 1 of this Article shall include the following information:

- (a) the applicant authority making the request;
- (b) the measure requested;
- (c) the object of and the reason for the request;
- (d) the laws, rules, and other legal elements involved;
- (e) indications as exact and comprehensive as possible on the natural or legal persons being the target of the investigations;
- (f) a summary of the relevant facts, except in cases provided for in Article 5.

3. Requests shall be submitted in an official language of the requested authority or in a language acceptable to such authority.

4. If a request does not meet the formal requirements, its correction or completion may be demanded; the ordering of precautionary measures may, however, take place.

#### Article 7

##### Execution of requests

1. In order to comply with a request for assistance, the requested authority or, when the latter cannot act on its own, the administrative department to which the request has been addressed by this authority, shall proceed, within its competence and available resources, as though it were acting on its own account or at the request of other authorities of that same Contracting Party, by supplying information already possessed, by carrying out appropriate enquiries or by arranging for them to be carried out.

2. Requests for assistance will be executed in accordance with the laws, rules, and other legal instruments of the requested Contracting Party.

3. Duly authorized officials of a Contracting Party may, with the agreement of the

other Contracting Party involved and within the conditions laid down by the latter, obtain from the offices of the requested authority or other authority for which the requested authority is responsible, information relating to the contravention of customs legislation which the applicant authority needs for the purposes of this Protocol.

4. Officials of a Contracting Party may, with the agreement of the other Contracting Party, be present at enquiries carried out in the latter's territory.

#### Article 8

Form in which information is to be communicated

1. The requested authority shall communicate results of enquiries to the applicant authority in the form of documents, certified copies of documents, reports and the like.

2. The documents provided for in paragraph 1 may be replaced by computerized information produced in any form for the same purpose.

#### Article 9

Exceptions to the obligation to provide assistance

1. The Contracting Parties may refuse to give assistance as provided for in this Protocol, where to do so would:

(a) be likely to prejudice sovereignty, public policy (l'ordre public), security or other essential interests; or

(b) involve currency or tax regulations other than regulations concerning customs duties; or

(c) violate an industrial, commercial or professional secret.

2. Where the applicant authority asks for assistance which it would itself be unable to provide if so asked, it shall draw attention to that fact in its request. It shall then be left to the requested authority to decide how to respond to such a request.

3. If assistance is withheld or denied, the decision and the reasons therefor must be notified to the applicant authority without delay.

#### Article 10

Obligation to observe confidentiality

1. Any information communicated in whatsoever form pursuant to this Protocol shall be of a confidential nature. It shall be covered by the obligation of official secrecy and shall enjoy the protection extended under the relevant laws applicable in the Contracting Party which received it and the corresponding provisions applying to the Community authorities.

2. Nominative data shall not be transmitted whenever there are reasonable grounds to believe that the transfer or the use made of the data transmitted would be contrary to the basic legal principles of one of the Parties, and, in particular, if the person concerned would suffer undue disadvantages. Upon request, the receiving Party shall inform the furnishing Party of the use made of the information supplied and of the results achieved.

3. Nominative data may only be transmitted to customs authorities and, in the case of need for prosecution purposes, to public prosecution and judicial authorities.

Other persons or authorities may obtain such information only upon previous authorization by the furnishing authority.

4. The furnishing Party shall verify the accuracy of the information to be transferred. Whenever it appears that the information supplied was inaccurate or to be deleted, the receiving Party shall be notified without delay. The latter shall be obliged to carry out the correction or deletion.

5. Without prejudice to cases of prevailing public interest, the person concerned

may obtain, upon request, information on the data stores and the purpose of this storage.

#### Article 11

##### Use of information

1. Information obtained shall be used solely for the purposes of this Protocol and may be used within each Contracting Party for other purposes only with the prior written consent of the administrative authority which furnished the information and shall be subject to any restrictions laid down by that authority. These provisions are not applicable to information concerning offences relating to narcotic drugs and psychotropic substances. Such information may be communicated to other authorities directly involved in the combating of illicit drug traffic, within the limits of Article 2.

2. Paragraph 1 shall not impede the use of information in any judicial or administrative proceedings subsequently instituted for failure to comply with customs legislation.

3. The Contracting Parties may, in their records of evidence, reports and testimonies and in proceedings and charges brought before the courts, use as evidence information obtained and documents consulted in accordance with the provisions of this Protocol.

#### Article 12

##### Experts and witnesses

An official of a requested authority may be authorized to appear, within the limitations of the authorization granted, as expert or witness in judicial or administrative proceedings regarding the matters covered by this Protocol in the jurisdiction of another Contracting Party, and produce such objects, documents or authenticated copies thereof, as may be needed for the proceedings. The request for an appearance must indicate specifically on what matter and by virtue of what title or qualification the official will be questioned.

#### Article 13

##### Assistance expenses

The Contracting Parties shall waive all claims on each other for the reimbursement of expenses incurred pursuant to this Protocol, except, as appropriate, for expenses to experts and witnesses and to interpreters and translators who are not dependent upon public services.

#### Article 14

##### Implementation

1. The management of this Protocol shall be entrusted to the central customs authorities of Bulgaria on the one hand, and the competent services of the Commission and, where appropriate, the customs authorities of the Community Member States on the other. They shall decide on all practical measures and arrangements necessary for its application, taking into consideration rules in the field of data protection. They may recommend to the competent bodies amendments which they consider should be made to this Protocol.

2. The Contracting Parties shall consult each other and subsequently keep each other informed of the detailed rules of implementation which are adopted in accordance with the provisions of this Article.

#### Article 15

##### Complementarity

1. This Protocol shall complement and not impede application of any agreements on mutual assistance which have been concluded or may be concluded between individual or several Community Member States and Bulgaria. Nor shall it preclude more extensive mutual assistance granted under such agreements.

2. Without prejudice to Article 11, these agreements do not prejudice Community provisions governing the communication between the competent services of the Commission and the customs authorities of the Member States of any information obtained in customs matters which could be of Community interest.

#### PROTOCOL 7 on concessions with annual limits

The Parties agree that if the Agreement comes into force after 1 January in any year, any concession given within the limits of annual quantities will be adjusted pro rata with the exception of those Community concessions contained in Annexes III and XI.

In respect of Annexes III and XI, products for which import certificates have been issued under the EEC Council Regulations applying generalized tariff preferences between 1 January and the entry into force of the Agreement will be counted against the tariff quota or tariff ceiling quantities contained in such Annexes.

#### PROTOCOL 8 on transboundary watercourses

The Contracting Parties,

recalling the principles governing in particular:

- the Convention on the protection and use of transboundary watercourses and international lakes,
- the Convention on environmental impact assessment in a transboundary context,
- the Convention on transboundary effects of industrial accidents,
- the Ramsar Convention;

Whereas Article 81 of the Agreement, which deals with environmental cooperation, provides the framework on which the Parties' initiatives in the field of cooperation across borders may be developed further by means of programmes of common interest;

Whereas management of the water of transboundary rivers is one of the areas of cooperation listed in Article 81 of the Agreement;

Have agreed in the common interest of the Parties to set up with the financial assistance of the Community under the relevant provisions of Title VIII of the Agreement a system to monitor the quality and the quantity of water in their cross-boundary rivers with a view to:

- reducing the pollution level of the water of transboundary rivers to an adequate extent ensuring the ecologically sound use in the economy and endeavour to prevent all other forms of pollution of such water, and in particular pollution resulting from possible accidents,
- establishing an early warning system to cope with floods or dangerous levels of water pollution in such rivers,
- promoting with joint efforts the combat against soil erosion due to transboundary watercourses,
- promoting rational use of water resources from transboundary rivers in conformity with the provisions of the Convention on the protection and use of transboundary watercourses and international lakes,
- promoting the effective protection of flora and fauna at the estuary of the transboundary rivers on their respective territories.

## FINAL ACT

The plenipotentiaries of:

the KINGDOM OF BELGIUM,  
the KINGDOM OF DENMARK,  
the FEDERAL REPUBLIC OF GERMANY,  
the HELLENIC REPUBLIC,  
the KINGDOM OF SPAIN,  
the FRENCH REPUBLIC,  
IRELAND,  
the ITALIAN REPUBLIC,  
the GRAND DUCHY OF LUXEMBOURG,  
the KINGDOM OF THE NETHERLANDS,  
the PORTUGUESE REPUBLIC,

the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,  
Contracting Parties to the Treaty establishing the EUROPEAN ECONOMIC COMMUNITY, the Treaty establishing the EUROPEAN COAL AND STEEL COMMUNITY and the Treaty establishing the EUROPEAN ATOMIC ENERGY COMMUNITY, hereinafter referred to as 'the Member States', and of the EUROPEAN ECONOMIC COMMUNITY, the EUROPEAN ATOMIC ENERGY COMMUNITY and the EUROPEAN COAL AND STEEL COMMUNITY, hereinafter referred to as 'the Community', of the one part, and the plenipotentiaries of the REPUBLIC OF BULGARIA, hereinafter referred to as 'Bulgaria', of the other part,

meeting at Brussels on the eighth day of March in the year one thousand nine hundred and ninety-three for the signature of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Bulgaria, of the other part, hereinafter referred to as the 'Europe Agreement', have adopted the following texts:

the Europe Agreement and the following Protocols:

Protocol 1 on textile and clothing products

Protocol 2 on products covered by the Treaty establishing the European Coal and Steel Community (ECSC)

Protocol 3 on trade between Bulgaria and the Community in processed agricultural products not covered by Annex II to the EEC Treaty

Protocol 4 concerning the definition of the concept of 'originating products' and methods of administrative cooperation

Protocol 5 on specific provisions relating to trade between Bulgaria and Spain and Portugal

Protocol 6 on mutual assistance in customs matters

Protocol 7 on concessions with annual limits

Protocol 8 on transboundary watercourses.

The plenipotentiaries of the Member States and of the Community and the plenipotentiaries of Bulgaria have adopted the texts of the Joint Declarations listed below and annexed to this Final Act:

Joint Declaration on Article 8 (3) of the Agreement

Joint Declaration on Article 8 (4) of the Agreement

Joint Declaration on Article 10 (3) of the Agreement

Joint Declaration on Article 21 (4) of the Agreement

Joint Declaration on Article 21 (4) of the Agreement

Joint Declaration on Article 38 (1) of the Agreement

Joint Declaration on Article 38 of the Agreement

Joint Declaration on Article 39 of the Agreement

Joint Declaration on Chapter II of Title IV of the Agreement



Joint Declaration on Chapter II of Title IV of the Agreement  
Joint Declaration on Article 45 (2) of the Agreement  
Joint Declaration on Article 57 (3) of the Agreement  
Joint Declaration on Article 59 of the Agreement  
Joint Declaration on Article 60 of the Agreement  
Joint Declaration on Article 64 of the Agreement  
Joint Declaration on Article 67 of the Agreement  
Joint Declaration on Article 110 of the Agreement  
Joint Declaration on Protocol 1 to the Agreement  
Joint Declaration on Articles 5 and 9 (4) of Protocol 2 to the Agreement  
Joint Declaration on Protocol 4 to the Agreement  
Joint Declaration on Article 5 of Protocol 6 to the Agreement  
Joint Declaration on Protocol 8 to the Agreement.

The plenipotentiaries of the Member States and of the Community and the plenipotentiaries of Bulgaria have also taken note of the following exchanges of letters annexed to this Final Act:

Agreement in the form of an exchange of letters between the European Community and Bulgaria concerning transit

Agreement in the form of an exchange of letters between the European Community and Bulgaria concerning inland transport infrastructure

Agreement in the form of an exchange of letters between the European Community and Bulgaria concerning certain arrangements for live bovine animals

Agreement in the form of an exchange of letters between the European Economic Community and Bulgaria concerning certain provisions applying to pigs and poultry

Agreement in the form of an exchange of letters between the European Economic Community and Bulgaria concerning the recognition of regionalization of African swine fever in the Kingdom of Spain.

The plenipotentiaries of Bulgaria have taken note of the Declarations listed below and annexed to this Final Act:

Community Declaration on Article 21 (4) of the Agreement

Community Declaration on Article 21 (4) of the Agreement

Community Declaration on Article 2 (3) of Protocol 1 to the Agreement

Community Declaration on Article 9 (1) (iii) and (4) of Protocol 2 to the Agreement

Community Declaration on Article 9 (4) of Protocol 2 to the Agreement.

The plenipotentiaries of the Member States and of the Community have taken note of the Declarations listed below and annexed to this Final Act:

Declaration by Bulgaria concerning Article 14 (3) of the Agreement

Declaration by Bulgaria concerning Article 21 (3) of the Agreement

Declaration by Bulgaria concerning Article 45 (3) in connection with Annex XVd to the Agreement

Declaration by Bulgaria concerning Article 59 of the Agreement

Declaration by Bulgaria concerning Article 67 of the Agreement

Declaration by Bulgaria concerning Protocol 2 to the Agreement

Declaration by Bulgaria concerning Protocol 3 to the Agreement.

Done at Brussels on the eighth day of March in the year one thousand nine hundred and ninety-three

Pour le Royaume de Belgique

Voor het Koninkrijk België

Pe Kongeriget Danmarks vegne

Für die Bundesrepublik Deutschland

Гйб фзн ЕллзнькЮ ДзмпксбфЯб

Por el Reino de España

Pour la République française

Thar cheann Na hÍreann  
For Ireland  
Per la Repubblica italiana  
Pour le Grand-Duché de Luxembourg  
Voor het Koninkrijk der Nederlanden  
Pela República Portuguesa  
For the United Kingdom of Great Britain and Northern Ireland  
Por el Consejo y la Comisiyón de las Comunidades Europeas  
For Redet og Kommissionen for De Europæiske Fællesskaber  
Für den Rat und die Kommission der Europäischen Gemeinschaften  
Гйб фп Ухмвпэлйп кбй фэн Ерыфспрю фщн Ехсцрбъкюн КпйнпфЮфщн  
For the Council and the Commission of the European Communities  
Pour le Conseil et la Commission des Communautés européennes  
Per il Consiglio e la Commissione delle Comunità europee  
Voor de Raad en de Commissie van de Europese Gemeenschappen  
Pelo Conselho e Pela Comissão das Comunidades Europeias

## JOINT DECLARATIONS

### 1. Article 8 (3)

The Parties declare that the expression 'duties actually applied' means as regards Bulgaria the MFN rate of duty applied (customs duties and in the case of products listed in Annex VIII charges having an equivalent effect to customs duties) and as regards the Community the duties listed in the customs tariff (autonomous, conventional, as well as the 'permanent' tariff suspensions and quotas that are shown therein). Where, however, temporary duty suspensions are applied by reason of a specific purpose, or for specific quantities or consignments, such suspensions shall not be considered as 'duties actually applied'. The Parties shall inform each other on the day preceding the date of entry into force of the Agreement of the list of products subject to such temporary duty suspensions.

### 2. Article 8 (4)

The Community and Bulgaria confirm that where a reduction of duties is effected by way of a suspension of duties made for a particular period of time, such reduced duties shall replace the basic duties only for the period of such suspension, and that whenever a partial suspension of duties is made, the preferential margin between the Parties will be preserved.

### 3. Article 10 (3), second paragraph

The Parties declare that the reduced duties calculated in accordance with the provisions of this Agreement, are to be rounded off to the first decimal place of rounding up, when the second decimal place is 5, 6, 7, 8 or 9, and rounding down, when it is 0, 1, 2, 3 or 4.

### 4. Article 21 (4)

The Community and Bulgaria, pending the conclusion of the Uruguay Round negotiations in the framework of the General Agreement on Tariffs and Trade and extending for one year the 1990 Agreement, agree to enter into negotiations during the second half of 1993 to reach a mutually agreeable solution on the extension of the 1990 Agreement on sheep and sheepmeat especially on:

- the respect of the sensitive periods,
- the suspension of the duty,

- the price surveillance procedure.

5. Article 21 (4)

The Community and Bulgaria agree to negotiate in the interest of concluding:  
- an Agreement between the Republic of Bulgaria and the European Economic Community on the reciprocal protection of the names of wines and control of wine,  
- an Agreement regarding the establishment of reciprocal tariff concessions for wines providing that these observe the Community's and Bulgaria's import regulations, particularly in the area of oenological practices and certificates.  
Both Parties shall make best efforts to ensure that these Agreements enter into force at the same time as the Interim Agreement.

6. Article 38 (1)

It is understood that the concept 'conditions and modalities applicable in each Member State' includes Community rules where appropriate.

7. Article 38

It is understood that the notion 'children' is defined in accordance with national legislation of the host country concerned.

8. Article 39

It is understood that the notion 'members of their family' is defined in accordance with the national legislation of the host country concerned.

9. Chapter II of Title IV

Without prejudice to the provisions of Chapter II of Title IV, the Parties agree that treatment of the nationals or companies of one Party shall be considered to be less favourable than that accorded to those of the other Party if such treatment is either formally or de facto less favourable than the treatment accorded to those of the other Party.

10. Chapter II of Title IV

It is understood that 'branches' and 'agencies' as referred to in Chapter II of Title IV are not legal persons and do not imply 'commercial representation' as referred to in Article 4 of the Bulgarian Law of 1992 on the economic activity of foreign persons and on the protection of foreign investments.

11. Article 45 (2) (ii)

The Parties agree that the provisions of Article 45 (2) (ii) do not affect the application of Bulgarian legislation as listed in Annex XVc concerning the acquisition by a Community company or national of majority participation in existing companies in the areas listed in this Annex, whether or not the Community company or national is already established in the territory of Bulgaria.

12. Article 57 (3)

The Parties declare that the Agreements referred to in Article 57 (3) should aim at the highest possible extension of the transport regulations and policies applicable in the Community and in the Member States to the relation between the Community and Bulgaria in the field of transport.

13. Article 59

The sole fact of requiring a visa for natural persons of certain Parties and not for those of others shall not be regarded as nullifying or impairing benefits under a specific commitment.

14. Article 60

Whenever the Association Council is called upon to take measures for further liberalization in the areas of services or persons, it shall also determine for which transactions related to such measures payments are to be authorized in freely convertible currency.

15. Article 64

The Parties shall not make an improper use of provisions on professional secrecy to prevent the disclosure of information in the field of competition.

16. Article 67

The Parties agree that for the purpose of this Association Agreement 'intellectual, industrial and commercial property' is to be given a similar meaning as in Article 36 of the EEC Treaty and includes in particular protection of copyright and neighbouring rights, patents, industrial designs, trade marks and service marks, topographies of integrated circuits, software, geographical indications as well as protection against unfair competition and protection of undisclosed information on know-how.

17. Article 110

The Parties agree that the Association Council, in accordance with Article 110 of the Agreement, will examine the creation of a consultative mechanism composed of members of the Economic and Social Committee of the Community and the corresponding partners of Bulgaria.

18. Protocol 1 to the Agreement

The Parties confirm their intention to start negotiating the new Protocol on quantitative arrangements provided for in Article 3 (2) of Protocol 1 before the end of 1992.

19. Articles 5 and 9 (4) of Protocol 2 to the Agreement

The Community and Bulgaria declare that Articles 5 and 9 (4) of Protocol 2 cannot be considered as a precedent in Bulgaria's negotiations for accession to the General Agreement on Tariffs and Trade or to the Multilateral Trade Organization which could emerge from the Uruguay Round negotiations.

#### 20. Protocol 4 to the Agreement

The Community and Bulgaria confirm their readiness to consider at a later stage in the Association Council the possibility of regional cumulation which Poland, Hungary and Czechoslovakia, and with Romania, in the light of progress made in fulfilling the appropriate technical and administrative conditions.

#### 21. Article 5 of Protocol 6 to the Agreement

The Contracting Parties stress that the reference which is made in Article 5 of Protocol 6 to their own legislation may cover, where appropriate, an international commitment they could have contracted, such as the Convention on the service abroad of judicial and extrajudicial documents in civil or commercial matters, concluded in The Hague on 15 November 1965.

#### 22. Protocol 8 to the Agreement

It is understood that the assistance from the Community for the implementation of Protocol 8 shall be without prejudice to the overall financial assistance provided for under Title VIII.

### **UNILATERAL DECLARATIONS BY THE COMMUNITY**

#### 1. Article 21 (4)

The Community declares its agreement to maintain, for a further five-year period and under the same conditions, the preferential regime for certain cheeses set out in Regulation (EEC) No 1767/82.

#### 2. Article 21 (4)

In order to allow the Bulgarian industry to adapt to the requirements of Regulation (EEC) No 690/92, the Community accepts a transitional period of 18 months. During that period sheep cheeses originating in Bulgaria and imported into the Community shall be accepted with a content of cows' milk of up to 3 %.

#### 3. Article 2 (3) of Protocol 1 to the Agreement

The Community confirms that the treatment given to Bulgaria under the provisions of Article 2 (3) of Protocol 1 is the same in its substance as that given in the Protocols agreed with Poland, Hungary and the CSFR, and that in principle any future amendment of Council Regulation (EEC) No 636/82 shall apply in a uniform way to each of the five countries of central and eastern Europe.

#### 4. Articles 9 (1) (iii) and 9 (4) of Protocol 2 to the Agreement

The Community confirms its understanding that the references to public aids in Articles 9 (1) (iii) and 9 (4) imply the exclusion of transport subsidies acting as direct or indirect subsidies to the steel industry.

#### 5. Article 9 (4) of Protocol 2 to the Agreement

It is understood that the possibility of an exceptional extension of the five-year period is strictly limited to the particular case of Bulgaria and does not impair the

position of the Community in relation to other cases nor prejudice international commitments. The possible derogation foreseen in paragraph 4 takes into account the particular difficulties of Bulgaria in restructuring the steel sector and the fact that this process has been launched very recently.

## **UNILATERAL DECLARATIONS BY BULGARIA**

### 1. Article 14 (3)

In conformity with Article 26 (1), Bulgaria confirms that the export taxes mentioned in Annex IX, should they be introduced, shall not have a more restrictive effect than the system of non-automatic licences and export ceilings.

### 2. Article 21 (3)

Bulgaria will make every endeavour to increase the quantities of tobacco covered by quantitative restrictions foreseen in Annex XIIb in parallel with the negotiations in the wine sector.

### 3. Article 45 (3) in connection with Annex XVd

The prohibition on acquisition of land does not affect the possibility for acquisition of ownership title on a building erected on that land. The landowner can, according to the Bulgarian Property Act, grant to a third person the right to erect a building on his land and that third person becomes the owner of the building. The landowner can transfer, separately from the land, the ownership on an already existing building.

### 4. Article 59

Bulgaria undertakes to negotiate actively its accession to the GATT and to the other agreements embodied in the Multilateral Trade Organization which will emerge from the Uruguay Round negotiations, within a time frame compatible with the progressive implementation of the Association.

### 5. Article 67

Bulgaria confirms that under its new patent law, a treatment no less favourable than that accorded to any third country under any bilateral agreement, including that between Bulgaria and the United States of America signed in April 1991, shall be granted to Community Member States' nationals, in particular in the field of transitional patent protection.

### 6. Letter from the Bulgarian Government to the Community

The Government of Bulgaria declares that it will not invoke the provisions of Protocol 2 on ECSC products, in particular Article 9, so as not to call into question the compatibility with this Protocol of the agreements made by the Community coal industry with the electricity companies and the steel industry to secure the sale of Community coal.

### 7. Protocol 3

Bulgaria will make best efforts to increase the quantities of ice-cream covered by the quantitative restriction foreseen in Annex XIIb with a view to abolishing it in parallel with the negotiations with the wine sector.