



Brussels, 30.4.2015  
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ANNEX 2 – PART 1/3

**ANNEX**

*to the Proposal for a*

**COUNCIL DECISION**

**on the signing, on behalf of the European Union, of the Stabilisation and Association Agreement between the European Union and the European Atomic Energy Community, of the one part, and of Kosovo\*, of the other part**

STABILISATION AND ASSOCIATION AGREEMENT  
BETWEEN THE EUROPEAN UNION, OF THE ONE PART,  
AND KOSOVO\*, OF THE OTHER PART

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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

THE EUROPEAN UNION, hereinafter referred to as “the Union” or “the EU”, and THE EUROPEAN ATOMIC ENERGY COMMUNITY,

of the one part, and

KOSOVO\*,

of the other part,

hereinafter jointly referred to as “the Parties”,

CONSIDERING the strong links between the Parties and the values that they share, their desire to strengthen those links and establish a close and lasting relationship based on reciprocity and mutual interest, which should allow Kosovo to further strengthen and extend its relations with the EU;

CONSIDERING the importance of this Agreement, in the framework of the Stabilisation and Association Process (SAP) with the Western Balkans, in the establishment and consolidation of a stable European order based on cooperation, of which the EU is a mainstay;

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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

CONSIDERING the EU's readiness to take concrete steps to realise Kosovo's European perspective and rapprochement with the EU in line with the perspective of the region by integrating Kosovo towards the political and economic mainstream of Europe, through Kosovo's on-going participation in the SAP with the aim to fulfil the relevant criteria and SAP conditionalities, subject to the successful implementation of this Agreement, notably regarding regional cooperation; this process will lead to progress in Kosovo's European perspective and rapprochement with the EU, should objective circumstances so permit and Kosovo fulfil the criteria defined by the European Council in Copenhagen on 21-22 June 1993 and the aforementioned conditionalities;

CONSIDERING the commitment of the Parties to contribute by appropriate means to the political, economic and institutional stabilisation in Kosovo as well as in the region, through the development of civil society and democratisation, institution building and public administration reform, regional trade integration and enhanced economic cooperation, wide ranging cooperation, including in justice and home affairs, and the strengthening of security;

CONSIDERING the commitment of the Parties to increasing political and economic freedoms as the very basis of this Agreement, as well as their commitment to respect human rights, including the rights of persons belonging to minorities and vulnerable groups,

CONSIDERING the commitment of the Parties to institutions based on the rule of law, to good governance and democratic principles through a multi-party system with free and fair elections;

CONSIDERING the commitment of the Parties to respect the principles of the Charter of the United Nations, of the Organisation for Security and Cooperation in Europe (OSCE), notably those of the Final Act of the Conference on Security and Cooperation in Europe of 1975 (hereinafter referred to as “the Helsinki Final Act”) and the Charter of Paris for a New Europe of 1990;

REAFFIRMING the attachment of the Parties to the implementation of international obligations, in particular but not only, related to the protection of human rights and the protection of persons belonging to minorities and vulnerable groups and in this respect noting the commitment of Kosovo to abide by the relevant international instruments;

REAFFIRMING the right of return for all refugees and internally displaced persons and to the protection of their property and other related human rights;

CONSIDERING the commitment of the Parties to the principles of the free market economy and to sustainable development as well as the readiness of the EU to contribute to the economic reforms in Kosovo;

CONSIDERING the commitment of the Parties to free trade, consistent with the relevant principles of the World Trade Organisation (hereinafter referred to as “WTO”) which are to be applied in a transparent and non-discriminatory manner;

CONSIDERING the commitment of the Parties to further develop regular political dialogue on issues of mutual interest, including regional aspects;

CONSIDERING the importance the Parties attach to combating organised crime, corruption and to strengthening cooperation in the fight against terrorism in line with the EU *acquis*, and to preventing irregular migration while supporting mobility in a legal and secure environment;

CONVINCED that this Agreement will create a new climate for economic relations between the Parties and, above all, for the development of trade and investment, factors crucial to economic restructuring and modernisation;

BEARING in mind the commitment by Kosovo to approximate its legislation in the relevant sectors to that of the EU, and to effectively implement it;

TAKING ACCOUNT of the EU's willingness to provide decisive support for the implementation of reform and to use all available instruments of cooperation and technical, financial and economic assistance on a comprehensive indicative multiannual basis to this endeavour, should objective circumstances so permit;

NOTING that this Agreement is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence;

NOTING that the internal procedures of the Member States of the European Union (hereinafter referred to as the “Member States”) may apply when receiving documents issued by Kosovo authorities under this Agreement;

NOTING that negotiations are ongoing for the establishment of a Transport Community with the Western Balkans;

RECALLING the Zagreb Summit of 2000, which called for further consolidation of relations through the SAP as well as enhanced regional cooperation;

RECALLING that the European Council in Thessaloniki on 19 and 20 June 2003 reinforced the SAP as the policy framework for the EU’s relations with the Western Balkans and underlined the prospect of integration with the EU on the basis of their individual reform progress and merit;

RECALLING Kosovo’s commitments in the context of the Central European Free Trade Agreement, signed in Bucharest on 19.12.2006, concluded with the aim to enhance the region’s ability to attract investments and the prospects of its integration into the global economy, should objective circumstances so permit;

DESIROUS of establishing closer cultural cooperation and developing exchanges of information,

NOTING that in case the Parties decided, within the framework of this Agreement, to enter into specific agreements in the Area of Freedom, Security and Justice which were to be concluded by the EU pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union, the provisions of such future specific agreements would not bind the United Kingdom and/or Ireland unless the EU, simultaneously with the United Kingdom and/or Ireland as regards their respective previous bilateral relations, notifies Kosovo that the United Kingdom and/or Ireland has/have become bound by such future specific agreements as part of the EU in accordance with Protocol No 21 on the position of the United Kingdom and Ireland in respect of the area of Freedom, Security and Justice annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union. Likewise, any subsequent EU-internal measures which were to be adopted pursuant to the above mentioned Title V to implement this Agreement would not bind the United Kingdom and/or Ireland unless they have notified their wish to take part in or accept such measures in accordance with Protocol No 21. Also noting that such future specific agreements or such subsequent EU-internal measures would fall within Protocol No 22 on the position of Denmark annexed to those Treaties.

HAVE AGREED AS FOLLOWS:

## ARTICLE 1

1. An association is hereby established between the EU, of the one part, and Kosovo, of the other part.
2. The aims of this association are:
  - (a) to support the efforts of Kosovo to strengthen democracy and the rule of law;
  - (b) to contribute to political, economic and institutional stability in Kosovo, as well as to the stabilisation of the region;
  - (c) to provide an appropriate framework for political dialogue, allowing the development of close political relations between the Parties;
  - (d) to support the efforts of Kosovo to develop its economic and international cooperation, should objective circumstances so permit, including through the approximation of its legislation to that of the EU;

- (e) to support the efforts of Kosovo to complete the transition into a functioning market economy;
- (f) to promote harmonious economic relations and gradually develop a free trade area between the EU and Kosovo;
- (g) to foster regional cooperation in all the fields covered by this Agreement.

## ARTICLE 2

None of the terms, wording or definitions used in this Agreement, including the Annexes and Protocols thereto, constitute recognition of Kosovo by the EU as an independent State nor does it constitute recognition by individual Member States of Kosovo in that capacity where they have not taken such a step.

## TITLE I

### GENERAL PRINCIPLES

#### ARTICLE 3

Respect for the democratic principles and human rights as proclaimed in the United Nations Universal Declaration of Human Rights of 1948 and as defined in the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950, in the Helsinki Final Act and the Charter of Paris for a New Europe, respect for international law principles, including full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) and its residual mechanism, the International Criminal Court, and respect for the rule of law as well as the principles of market economy as reflected in the Document of the Bonn Conference on Economic Cooperation of the Conference on Security Cooperation in Europe, shall form the basis of the policies of the EU and of Kosovo and constitute essential elements of this Agreement.

#### ARTICLE 4

Kosovo commits to abide by international law and instruments, in particular, but not only, related to the protection of human and fundamental rights, to the protection of persons belonging to minorities, and without discrimination on any ground.

#### ARTICLE 5

Kosovo commits to continued engagement towards a visible and sustainable improvement in relations with Serbia and to effective cooperation with the Common Security and Defence Policy mission while in place, as further defined in Article 13. These commitments constitute essential principles of this Agreement and shall underpin the development of relations and cooperation between the Parties. In case of the non-compliance by Kosovo with these commitments, the EU may take measures it deems appropriate, including suspending all or part of this Agreement.

## ARTICLE 6

The Parties reaffirm that the most serious crimes of concern to the international community as a whole should not go unpunished and that prosecution of these crimes should be ensured by taking measures at domestic and international level.

In this respect, Kosovo undertakes, in particular, to fully cooperate with the ICTY and its residual mechanism, and all other investigations and prosecutions conducted under international auspices.

Kosovo also undertakes to abide by the Rome Statute of the International Criminal Court and in this respect to take the necessary steps for its implementation at domestic level.

## ARTICLE 7

The development of regional cooperation and good neighbourly relations as well as respect for human rights, including the rights of persons belonging to minorities, are central to the SAP. The conclusion and the implementation of this Agreement takes place within the framework of the SAP and are based on Kosovo's own merits .

## ARTICLE 8

Kosovo commits to continue to foster cooperation and good neighbourly relations in the region including an appropriate level of mutual concessions concerning the movement of persons, goods, capital and services as well as the development of projects of common interest in a wide range of areas, including the rule of law. This commitment constitutes a key factor in the development of relations and cooperation between the Parties, thus contributing to regional stability.

## ARTICLE 9

The association shall be progressively and fully realised over a period of ten years.

The Stabilisation and Association Council (hereinafter referred to as “SAC”) established under Article 126 shall review, on an annual basis, the implementation of this Agreement and the adoption and implementation by Kosovo of legal, administrative, institutional and economic reforms. This review shall be carried out in the light of the preamble and in accordance with the general principles of this Agreement. It shall be consistent with the mechanisms established under the SAP, notably the progress report on the SAP.

On the basis of this review, the SAC will issue recommendations and may take decisions.

Where the review identifies particular difficulties, they may be referred to the dispute settlement mechanisms established under this Agreement.

No later than the fifth year after the entry into force of this Agreement, the SAC shall make a thorough review of the implementation of this Agreement. On the basis of this review the SAC shall evaluate progress made by Kosovo and may take decisions governing the ensuing process of association. Similar steps shall be taken by the SAC before the end of the tenth year after the entry into force of this Agreement. If warranted by the results of the review, the SAC may take a decision to extend the period set out in paragraph 1 by not more than five years. In the absence of such decisions by the SAC, this Agreement shall continue to be implemented as agreed herein.

The aforementioned review shall not apply to the free movement of goods, for which a specific schedule is provided for in Title IV.

#### ARTICLE 10

This Agreement shall be fully compatible, and implemented in a manner consistent with the relevant provisions contained in the WTO Agreements, in particular Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and Article V of the General Agreement on Trade in Services (GATS).

## TITLE II

### POLITICAL DIALOGUE

#### ARTICLE 11

1. Political dialogue between the Parties shall be further developed within the context of this Agreement. It shall accompany and consolidate the rapprochement between the EU and Kosovo and contribute to the establishment of close links of solidarity and new forms of cooperation between the Parties.
2. The political dialogue is intended to promote in particular:
  - (a) Kosovo's participation in the international democratic community, should objective circumstances so permit;
  - (b) advancement of Kosovo's European perspective and rapprochement with the EU, in line with the European perspective of the region, based on individual merits and in line with Kosovo's commitments under Article 5 of this Agreement;

- (c) increasing convergence with certain Common Foreign and Security Policy measures, particular restrictive measures taken by the EU against third countries, natural or legal persons or non-State entities also through the exchange of information as appropriate, and, in particular, on those issues likely to have substantial effects on the Parties;
- (d) effective, inclusive and representative regional cooperation and the development of good neighbourly relations in the Western Balkans.

#### ARTICLE 12

The Parties shall have a policy dialogue on the other issues covered by this Agreement.

#### ARTICLE 13

1. Political dialogue and policy dialogue, as appropriate, contribute to the process of normalisation of relations between Kosovo and Serbia.

2. As provided for in Article 5, Kosovo commits to continued engagement towards a visible and sustainable improvement in relations with Serbia. This process shall ensure that both can continue on their respective European paths, while avoiding that either can block the other in these efforts, and should gradually lead to the comprehensive normalisation of relations between Kosovo and Serbia, in the form of a legally binding agreement, with the prospect of both being able to fully exercise their rights and fulfil their responsibilities.

3. In the above framework, Kosovo shall continuously:

- (a) implement in good faith all agreements reached in the dialogue with Serbia;
- (b) fully respect the principles of inclusive regional cooperation;
- (c) resolve through dialogue and a spirit of compromise other outstanding issues, on the basis of practical and sustainable solutions and cooperate on the necessary technical and legal matters with Serbia;
- (d) cooperate effectively with the Common Security and Defence Policy mission while in place and contribute actively to a full and unhindered execution of its mandate throughout Kosovo.

4. The SAC shall regularly review the progress in this process, and may take decisions and issue recommendations in this regard. The Stabilisation and Association Committee may assist this process in accordance with Article 129.

#### ARTICLE 14

1. Political and policy dialogues shall primarily take place within the SAC, which shall have the general responsibility for any matter which the Parties might wish to put to it.

2. At the request of any of the Parties, these dialogues may also take place in the following formats:

- (a) meetings, where necessary, of senior officials representing Kosovo, on the one hand, and the High Representative of the Union for Foreign Affairs and Security Policy and/or a representative of the Commission, on the other;
- (b) taking full advantage of all appropriate channels between the Parties, including appropriate contacts in non-EU countries and within international organisations and other international fora, should objective circumstances so permit;

- (c) any other means which would make a useful contribution to consolidating, developing and stepping up these dialogues, including those identified in the Thessaloniki agenda, adopted in the Conclusions of the European Council in Thessaloniki on 19 and 20 June 2003.

#### ARTICLE 15

A political dialogue at parliamentary level shall take place within the framework of the Stabilisation and Association Parliamentary Committee established under Article 132.

### TITLE III

#### REGIONAL COOPERATION

##### ARTICLE 16

In conformity with its commitment under Articles 5 and 13, and to international and regional peace and stability, and to the development of good neighbourly relations, Kosovo shall actively promote regional cooperation. The EU, through appropriate instruments, including assistance to projects having a regional or cross-border/boundary dimension, may support these efforts.

Whenever Kosovo plans to reinforce its cooperation with one of the countries referred to in Articles 17, 18 and 19, it shall inform and consult the EU in accordance with the provisions laid down in Title X.

Kosovo shall continue to implement the Central European Free Trade Agreement.

## ARTICLE 17

### Cooperation with countries having signed a Stabilisation and Association Agreement

After the signature of this Agreement, Kosovo shall, should objective circumstances so permit, start negotiations with the countries which have already signed a Stabilisation and Association Agreement with the EU with a view to concluding bilateral conventions on regional cooperation, the aim of which shall be to enhance the scope of cooperation between them.

The main elements of these conventions shall be:

- (a) political dialogue;
- (b) the establishment of free trade areas, consistent with relevant WTO provisions;
- (c) mutual concessions concerning the movement of workers, establishment, supply of services, current payments and movement of capital as well as other policies related to the movement of persons at an equivalent level to that of the Stabilisation and Association Agreements which that respective country has concluded with the EU;

- (d) provisions on cooperation in other fields whether or not covered by this Agreement, and notably the field of Freedom, Security and Justice.

These conventions shall contain provisions for the creation of the necessary institutional mechanisms, as appropriate.

The conventions shall be concluded within two years after the entry into force of this Agreement.

## ARTICLE 18

### Cooperation with countries concerned by the SAP

Kosovo shall pursue regional cooperation with countries concerned by the SAP in some or all the fields of cooperation covered by this Agreement as well as other areas related to the SAP, notably those of common interest. Such cooperation should always be compatible with the principles and objectives of this Agreement.

## ARTICLE 19

### Cooperation with candidate countries for EU accession not concerned by the SAP

Kosovo shall foster its cooperation and conclude, should objective circumstances so permit, conventions on cooperation with any country candidate for EU accession not concerned by the SAP in the fields of cooperation covered by this Agreement and other areas of mutual interest for Kosovo and these countries. Such conventions should aim to gradually align bilateral relations between Kosovo and those countries to the relevant part of the relations between the EU and Kosovo.

## TITLE IV

### FREE MOVEMENT OF GOODS

#### ARTICLE 20

1. The EU and Kosovo shall gradually establish a bilateral free trade area over a period lasting a maximum of 10 years starting from the entry into force of this Agreement in accordance with this Agreement and in conformity with the GATT 1994 and the provisions contained in the relevant WTO agreements. In so doing they shall take into account the specific requirements laid down in paragraphs 2 to 6 of this Article.
2. The Combined Nomenclature shall be applied to the classification of goods in trade between the Parties.

3. For the purpose of this Agreement customs duties and charges having equivalent effect to customs duties include any duty or charge of any kind imposed in connection with the importation or exportation of a good, including any form of surtax or surcharge in connection with such importation or exportation, but do not include any:

- (a) charges equivalent to an internal tax imposed consistently with paragraph 2 of Article III of the GATT 1994;
- (b) antidumping or countervailing measures;
- (c) fees or charges commensurate with the costs of services rendered.

4. For each product, the basic duty to which the successive tariff reductions set out in this Agreement are to be applied shall be:

- (a) For the EU, the EU Common Customs Tariff, established pursuant to Council Regulation (EEC) No 2658/87<sup>1</sup> actually applied *erga omnes* on the day of the signature of this Agreement;
- (b) For Kosovo, the tariff applied by Kosovo as of 31 December 2013.

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<sup>1</sup> Council Regulation (EEC) No 2658/87 (OJ EU L 256, 7.9.1987, p. 1).

5. If, after the signature of this Agreement, any tariff reduction is applied on an *erga omnes* basis, such reduced duties shall replace the basic duty referred to in paragraph 4 as from the date when such reductions are applied.

6. The EU and Kosovo shall communicate to each other their respective basic duties and any changes thereof.

## CHAPTER I

### INDUSTRIAL PRODUCTS

#### ARTICLE 21

##### Definition

1. This Chapter shall apply to products originating in the EU or in Kosovo listed in Chapters 25 to 97 of the Combined Nomenclature, with the exception of the products listed in Annex I, paragraph I, point (ii) of the WTO Agreement on Agriculture.

2. Trade between the Parties in products covered by the Treaty establishing the European Atomic Energy Community shall be conducted in accordance with that Treaty.

## ARTICLE 22

### EU concessions on industrial products

1. Customs duties on imports into the EU and charges having equivalent effect shall be abolished, upon the entry into force of this Agreement, on industrial products originating in Kosovo.

Quantitative restrictions on imports into the EU and measures having equivalent effect shall be abolished, upon the entry into force of this Agreement, on industrial products originating in Kosovo.

## ARTICLE 23

### Kosovo's concessions on industrial products

1. Customs duties on imports into Kosovo of industrial products originating in the EU other than those listed in Annex I shall be abolished upon the entry into force of this Agreement.
2. Charges having equivalent effect to customs duties on imports into Kosovo shall be abolished, upon the entry into force of this Agreement, on industrial products originating in the EU.
3. Customs duties on imports into Kosovo of industrial products originating in the EU which are listed in Annex I shall be progressively reduced and abolished in accordance with the timetable indicated in that Annex.
4. Quantitative restrictions on imports into Kosovo of industrial products originating in the EU and measures having equivalent effect shall be abolished upon the entry into force of this Agreement.

## ARTICLE 24

### Duties and restrictions on exports

1. The EU and Kosovo shall abolish any customs duties on exports and charges having equivalent effect in trade between them upon the entry into force of this Agreement.
2. The EU and Kosovo shall abolish between themselves any quantitative restrictions on exports and measures having equivalent effect upon the entry into force of this Agreement.

## ARTICLE 25

### Faster reductions in customs duties

Kosovo declares its readiness to reduce its customs duties in trade with the EU more rapidly than is provided for in Article 23 if its general economic situation and the situation of the economic sector concerned so permit.

The SAC shall analyse the situation in this respect and make the relevant recommendations.

## CHAPTER II

### AGRICULTURE AND FISHERIES

#### ARTICLE 26

##### Definition

1. This Chapter shall apply to trade in agricultural and fishery products originating in the EU or in Kosovo.
2. The term “agricultural and fishery products” refers to the products listed in Chapters 1 to 24 of the Combined Nomenclature<sup>1</sup> and the products listed in Annex I, paragraph I, point (ii) of the WTO Agreement on Agriculture.

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<sup>1</sup> The references to the goods codes and descriptions are in accordance with the Combined Nomenclature applied in the year 2014 in accordance with Commission Implementing Regulation (EU) No 1001/2013 of 4 October 2013 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ EU L 290, 31.10.2013, p. 1).

3. This definition includes fish and fishery products covered by Chapter 3, headings 1604 (Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs) and 1605 (Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved (excl. smoked)), and sub-headings 0511 91 (Fish waste), 2301 20 (Flours, meals and pellets of fish or crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption) and ex 1902 20 (“stuffed pasta containing more than 20 % by weight of fish, crustaceans, molluscs or other aquatic invertebrates”).

It also includes the sub-headings 1212 21 00 (Seaweeds and other algae), ex 1603 00 (Extracts and juices of fish or crustaceans, molluscs or other aquatic invertebrates) and ex 2309 9010 (Preparations of a kind used in animal feeding: fish solubles), as well as 1504 10 and 1504 20 (fats and oils and their fractions, of fish, whether or not refined, but not chemically modified):

- Fish-liver oils and their fractions;
- Fats and oils and their fractions, of fish, other than liver oils).

## ARTICLE 27

### Processed agricultural products

Protocol I lays down the trade arrangements for processed agricultural products which are listed therein.

## ARTICLE 28

### EU concessions on imports of agricultural products originating in Kosovo

1. From the date of entry into force of this Agreement, the EU shall abolish all quantitative restrictions and measures having equivalent effect, on imports of agricultural products originating in Kosovo.

2. From the date of entry into force of this Agreement, the EU shall abolish the customs duties and charges having equivalent effect, on imports of agricultural products originating in Kosovo other than those of headings 0102 (live bovine animals), 0201, (Meat of bovine animals, fresh or chilled) 0202 (Meat of bovine animals, frozen), 1701 (Cane or beet sugar and chemically pure sucrose, in solid form), 1702 (Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel) and 2204 (Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009) of the Combined Nomenclature.

For the products covered by Chapters 7 and 8 of the Combined Nomenclature, for which the Common Customs Tariff provides for the application of *ad valorem* customs duties and a specific customs duty, the elimination shall apply only to the *ad valorem* part of the duty.

3. From the date of entry into force of this Agreement, the EU shall fix the customs duties applicable to imports into the EU of “baby beef” products defined in Annex II and originating in Kosovo at 20 % of the *ad valorem* duty and 20 % of the specific duty as laid down in the Common Customs Tariff, within the limit of an annual tariff quota of 475 tonnes expressed in carcass weight.

## ARTICLE 29

### Kosovo's concessions on agricultural products

1. From the date of entry into force of this Agreement, Kosovo shall abolish all quantitative restrictions and measures having equivalent effect, on imports of agricultural products originating in the EU.
2. From the date of entry into force of this Agreement, Kosovo shall:
  - (a) abolish the customs duties applicable to imports of certain agricultural products originating in the EU, other than those listed in Annex III;
  - (b) abolish progressively the customs duties applicable to imports of certain agricultural products originating in the EU, listed in Annex IIIa, IIIb and IIIc and in accordance with the timetable indicated in that Annex.
3. The duty applicable to certain products listed in Annex III d shall be the basic duty applied in Kosovo on 31 December 2013.

## ARTICLE 30

### Wine and spirit drinks Protocol

The arrangements applicable to the wine and spirit drinks products referred to in Protocol II are laid down in that Protocol.

## ARTICLE 31

### EU concessions on fish and fishery products

1. From the date of entry into force of this Agreement, the EU shall abolish all quantitative restrictions and measures having equivalent effect on imports of fish and fishery products originating in Kosovo.
2. From the entry into force of this Agreement, the EU shall eliminate all customs duties and measures having equivalent effect on fish and fishery products originating in Kosovo other than those listed in Annex IV. Products listed in Annex IV shall be subject to the provisions laid down therein.

## ARTICLE 32

### Kosovo's concessions on fish and fishery products

1. From the date of entry into force of this Agreement, Kosovo shall abolish all quantitative restrictions and measures having equivalent effect on imports of fish and fishery products originating in the EU.
2. From the entry into force of this Agreement, Kosovo shall eliminate all customs duties and measures having equivalent effect on fish and fishery products originating in the EU other than those listed in Annex V. Products listed in Annex V shall be subject to the provisions laid down therein.

## ARTICLE 33

### Review clause

Taking account of the volume of trade in agricultural and fishery products between the Parties, of their particular sensitivities, of the rules of the EU common policies and of the policies for agriculture and fisheries in Kosovo, of the role of agriculture and fisheries in the economy of Kosovo, as well as developments in the framework of the WTO, the SAC shall examine, no later than three years after the entry into force of this Agreement, product by product and on an orderly and appropriate reciprocal basis, the opportunities for granting each other further concessions with a view to implementing greater liberalisation of the trade in agricultural and fishery products.

## ARTICLE 34

### Safeguard clause concerning agriculture and fisheries

Notwithstanding other provisions of this Agreement, and in particular Article 43, given the particular sensitivity of the agricultural and fisheries markets, if imports of products originating in one Party, which are the subject of concessions granted pursuant to Articles 27, 28, 29, 30, 31 and 32 cause serious disturbance to the markets or to the domestic regulatory mechanisms of either Party, the Parties shall enter into consultations immediately within the Stabilisation and Association Committee to find an appropriate solution. Pending such solution, the Party concerned may take the appropriate measures it deems necessary.

## ARTICLE 35

### Protection of geographical indications for agriculture and fishery products and foodstuffs other than wine and spirit drinks

1. Kosovo shall provide protection for the geographical indications of the EU registered in the EU under Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs<sup>1</sup>, in accordance with the terms laid down in this Article. Geographical indications of Kosovo shall be eligible for registration in the EU under the conditions set out in that Regulation.
  
2. The geographical indications referred to in paragraph 1 shall be protected against:
  - (a) any direct or indirect commercial use of a protected name:
    - (i) for comparable products not compliant with the product specification of the protected name, or
    - (ii) in so far as such use exploits the reputation of a geographical indication;

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<sup>1</sup> OJ EU L 343 of 14.12.2012, p. 1.

- (b) any misuse, imitation or evocation, even if the true origin of the product or service is indicated or if the protected name is translated or accompanied by an expression such as “style”, “type”, “method”, “as produced in”, “imitation”, “flavour”, “like” or similar;
- (c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to that product, and the packing of the product in a container liable to convey a false impression as to its origin;
- (d) any other practice liable to mislead the consumer as to the true origin of a like product.

3. A name proposed for registration that is wholly or partially homonymous with a name already protected, shall not be protected unless there is sufficient distinction in practice between the conditions of local and traditional usage and presentation of the homonym protected subsequently and the name already protected, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled. A homonymous name which misleads the consumer into believing that products come from another territory shall not be registered even if the name is accurate as far as the actual territory, region or place of origin of the products in question is concerned.

4. Kosovo shall refuse the registration of a trade mark the use of which corresponds to the situations referred to in paragraph 2.
5. Trade marks the use of which corresponds to the situations referred to in paragraph 2, which have been registered in Kosovo or established by use, shall no longer be used five years after the entry into force of this Agreement. However, this shall not apply to trade marks registered in Kosovo and trade marks established by use which are owned by nationals of third countries, provided they are not of such a nature as to deceive in any way the public as to the quality, the specification and the geographical origin of the goods.
6. Any use of the geographical indications protected in accordance with paragraph 1 as terms customary in common language as the common name for such goods, or for products that have been legally marketed with that term in Kosovo, shall cease at the latest five years after the entry into force of this Agreement.
7. Kosovo shall ensure that goods exported from its territory five years after the entry into force of this Agreement do not infringe this Article.
8. Kosovo shall ensure the protection referred to in paragraphs 1 to 7 on its own initiative as well as at the request of an interested party.

## CHAPTER III

### COMMON PROVISIONS

#### ARTICLE 36

##### Scope

This Chapter shall apply to trade in all products between the Parties except where otherwise provided in this Chapter or in Protocol I.

#### ARTICLE 37

##### Improved concessions

This Title shall in no way affect the application, on a unilateral basis, of more favourable measures by either Party.

## ARTICLE 38

### Standstill

1. From the date of entry into force of this Agreement, no new customs duties on imports or exports or charges having equivalent effect shall be introduced, nor shall those already applied be increased, in trade between the EU and Kosovo.
2. From the date of entry into force of this Agreement, no new quantitative restriction on imports or exports or measure having equivalent effect shall be introduced, nor shall those existing be made more restrictive, in trade between the EU and Kosovo.
3. Without prejudice to the concessions granted under Articles 28, 29, 30, 31 and 32, paragraphs 1 and 2 of this Article shall not restrict in any way the pursuit of the respective agricultural and fishery policies of the EU and of Kosovo and the taking of any measures under those policies in so far as the import regime in Annexes II to V and Protocol I is not affected.

## ARTICLE 39

### Prohibition of fiscal discrimination

1. The EU and Kosovo 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. Where such a measure or practice already exists, the EU and Kosovo, as appropriate, shall repeal or abolish it.
2. Products exported to the territory of one of the Parties shall not benefit from repayment of internal indirect taxation in excess of the amount of indirect taxation imposed on them.

## ARTICLE 40

### Duties of a fiscal nature

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

## ARTICLE 41

### Customs unions, free trade areas, cross-border/boundary arrangements

1. This Agreement shall not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for border/boundary trade except in so far as they alter the trade arrangements provided for in this Agreement.
2. During the transitional period specified in Article 20, this Agreement shall not affect the implementation of the specific preferential arrangements governing the movement of goods either laid down in border/boundary Agreements previously concluded between one or more Member States and Kosovo or resulting from the bilateral Agreements specified in Title III concluded by Kosovo in order to promote regional trade.
3. Consultations between the Parties shall take place within the SAC concerning the Agreements referred to in paragraphs 1 and 2 and, where requested, on other major issues related to their respective trade policies towards third countries. In particular in the event of a third country acceding to the EU, such consultations shall take place so as to ensure that account is taken of the mutual interests of the EU and Kosovo as set out in this Agreement.

## ARTICLE 42

### Dumping and subsidy

1. This Agreement shall not prevent any of the Parties from taking trade defence action in accordance with paragraph 2 of this Article and with Article 43.
2. If one of the Parties finds that dumping and/or countervailable subsidisation is taking place in trade with the other Party, that Party may take appropriate measures against this practice consistent with the WTO Agreement on Implementation of Article VI of the GATT 1994 or the WTO Agreement on Subsidies and Countervailing Measures and the respective internal legislation related to those agreements.

## ARTICLE 43

### Safeguards clause

1. The parties agree that the rules and principles of Article XIX GATT 1994 and the WTO Agreement on Safeguards are applied.

2. Notwithstanding paragraph 1, the importing Party may take appropriate bilateral safeguard measures under the conditions and in accordance with the procedures laid down in this Article, where any product of one Party is being imported into the territory of the other Party in such increased quantities and under such conditions as to cause or threaten to cause:

- (a) serious injury to the domestic industry of like or directly competitive products in the territory of the importing Party; or
- (b) serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region of the importing Party.

3. Bilateral safeguard measures directed at imports from the other Party shall not exceed what is necessary to remedy the problems, as defined in paragraph 2, which have arisen as a result of application of this Agreement. The safeguard measure adopted shall consist of a suspension in the increase or in the reduction of the margins of preferences provided for under this Agreement for the product concerned up to a maximum limit corresponding to the basic duty referred to in Article 20, paragraph 4(a) and (b) and paragraph 5, for the same product. Such measures shall contain clear elements progressively leading to their elimination at the end of the set period, at the latest, and shall not be taken for a period exceeding two years.

In very exceptional circumstances, measures may be extended for a further period of maximum two years. No bilateral safeguard measure shall be applied to the import of a product that has previously been subject to such a measure for a period of time equal to that during which such measure had been previously applied, provided that the period of non-application is at least two years since the expiry of the measure.

4. In the cases specified in this Article, before taking the measures provided for therein or, in the cases to which paragraph 5(b) of this Article applies, as soon as possible, the EU or Kosovo shall supply the SAC with all relevant information required for a thorough examination of the situation, with a view to seeking a solution acceptable to the Parties.

5. For the implementation of the paragraphs 1, 2, 3 and 4 the following provisions shall apply:

(a) The problems arising from the situation referred to in this Article shall be immediately referred for examination to the SAC, which may take any decisions needed to put an end to such problems.

If the SAC or the exporting Party has not taken a decision putting an end to the problems, or no other satisfactory solution has been reached within 30 days of the matter being referred to the SAC, the importing Party may adopt the appropriate measures to remedy the problem in accordance with this Article. In the selection of safeguard measures, priority must be given to those which least disturb the functioning of the arrangements established in this Agreement. Safeguard measures shall preserve the level/margin of preference granted under this Agreement.

- (b) Where exceptional and critical circumstances requiring immediate action make prior information or examination, as the case may be, impossible, the Party concerned may, in the situations specified in this Article, apply forthwith provisional measures necessary to deal with the situation and shall inform the other Party immediately thereof.

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

6. In the event of the EU, or Kosovo, subjecting imports of products liable to give rise to the problems referred to in this Article 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.

## ARTICLE 44

### Shortage clause

1. Where compliance with this Title leads to:
  - (a) critical shortage, or threat thereof, of foodstuffs or other products essential to the exporting Party; or
  - (b) re-export to a third country of a product against which the exporting Party maintains quantitative export restrictions, export duties or measures or charges having equivalent effect, and where the situations referred to above give rise, or are likely to give rise to major difficulties for the exporting Party,

that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in this Article.

2. In the selection of measures, priority must be given to those which least disturb the functioning of the arrangements in this Agreement. Such measures shall not be applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination where the same conditions prevail, or a disguised restriction on trade, and shall be eliminated when conditions no longer justify their maintenance.
  
3. Before taking the measures provided for in paragraph 1 or, as soon as possible in cases to which paragraph 4 applies, the EU or Kosovo shall supply the SAC with all relevant information, with a view to seeking a solution acceptable to the Parties. The SAC may agree on any means needed to put an end to the difficulties. If no agreement is reached within 30 days of the matter being referred to the SAC, the exporting Party may apply measures under this Article on the exportation of the product concerned.
  
4. Where exceptional and critical circumstances requiring immediate action make prior information or examination, as the case may be, impossible, the EU or Kosovo may apply forthwith the precautionary measures necessary to deal with the situation and shall inform the other Party immediately thereof.

5. Any measures applied pursuant to this Article shall be immediately notified to the SAC and shall be the subject of periodic consultations within that body, particularly with a view to establishing a timetable for their elimination as soon as circumstances so permit.

#### ARTICLE 45

##### State monopolies

With regard to state monopolies of a commercial character, Kosovo shall ensure that, by 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 Kosovo citizens.

#### ARTICLE 46

##### Rules of origin

Except as otherwise stipulated in this Agreement, Protocol III lays down the rules of origin for the implementation of this Agreement.

## ARTICLE 47

### Restrictions authorised

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 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 48

### Failure to provide administrative cooperation

1. The Parties agree that administrative cooperation is essential for the implementation and the control of the preferential treatment granted under this Title and underline their commitment to combating irregularities and fraud in customs and related matters.

2. Where a Party has made a finding, on the basis of objective information, of a failure to provide administrative cooperation and/or of irregularities or fraud under this Title, that Party (referred to in this Article as “the Party concerned”) may temporarily suspend the relevant preferential treatment of the product(s) concerned in accordance with this Article.

3. For the purpose of this Article a failure to provide administrative cooperation means, *inter alia*:

(a) a repeated failure to respect the obligations to verify the originating status of the product(s) concerned;

(b) a repeated refusal or undue delay in carrying out and/or communicating the results of subsequent verification of the proof of origin;

(c) a repeated refusal or undue delay in obtaining authorisation to conduct administrative cooperation missions to verify the authenticity of documents or accuracy of information relevant to the granting of the preferential treatment in question.

For the purpose of this Article, a finding of irregularities or fraud may be made, *inter alia*, where there is a rapid increase, without satisfactory explanation, in imports of goods exceeding the usual level of production and export capacity of the other Party, which is linked to objective information concerning irregularities or fraud.

4. The application of a temporary suspension shall be subject to the following conditions:
  - (a) the Party which has made a finding, on the basis of objective information, of a failure to provide administrative cooperation and/or of irregularities or fraud shall immediately notify the Stabilisation and Association Committee of its finding, together with the objective information, and enter into consultations with the other Party within the Stabilisation and Association Committee, on the basis of all relevant information and objective findings, with a view to reaching a solution acceptable to both Parties.
  - (b) Where the Parties have entered into consultations within the Stabilisation and Association Committee under point (a) and have failed to agree on an acceptable solution within three months following the notification, the Party concerned may temporarily suspend the relevant preferential treatment of the product(s) concerned. A temporary suspension shall be notified to the Stabilisation and Association Committee immediately.

(c) Temporary suspensions under this Article shall be limited to the minimum necessary to protect the financial interests of the Party concerned. They shall not exceed a period of six months, which may be renewed. Temporary suspensions shall be notified immediately after their adoption to the Stabilisation and Association Committee. They shall be subject to periodic consultations within the Stabilisation and Association Committee, in particular with a view to their termination as soon as the conditions for their application no longer prevail.

5. At the same time as the notification to the Stabilisation and Association Committee under paragraph 4(a), the Party concerned shall publish a notice to importers in its Official Journal. The notice to importers should indicate for the product concerned that there is a finding, on the basis of objective information, of a failure to provide administrative cooperation and/or of irregularities or fraud.

#### ARTICLE 49

In case of error by the competent authorities in the proper management of the preferential system at export, and in particular in the application of Protocol III where this error leads to consequences in terms of import duties, the Contracting Party facing such consequences may request the SAC to examine the possibilities of adopting all appropriate measures with a view to resolving the situation.

## TITLE V

### ESTABLISHMENT, SUPPLY OF SERVICES AND CAPITAL

#### ARTICLE 50

##### Definition

For the purposes of this Agreement:

- (1) “EU company” and “Kosovo company” means, respectively, a company set up in accordance with the laws of a Member State, or of Kosovo, and having its registered office or central administration or principal place of business in the territory of the EU or of Kosovo. However, should the company have only its registered office in the territory of the EU or of Kosovo respectively, the company shall be considered an EU or a Kosovo company if its operations possess a real and continuous link with the economy of one of the Member States or of Kosovo;
- (2) “Subsidiary” of a company means a company which is effectively controlled by another company;

- (3) “Branch” of a company means a place of business not having legal personality which has the appearance of permanency, such as the extension of a parent body, has a management and is materially equipped to negotiate business with third parties so that the latter, although knowing that there will, where necessary, be a legal link with the parent body, the head office of which is abroad, do not have to deal directly with such parent body but may transact business at the place of business constituting the extension;
- (4) “Establishment” means the right to take up economic activities by means of the setting up of companies including subsidiaries and branches in the EU or in Kosovo respectively;
- (5) “Operations” means the pursuit of economic activities;
- (6) “Economic activities” in principle includes activities of an industrial, commercial or professional character and activities of craftsmen;
- (7) “EU national” and “citizen of Kosovo” means respectively a natural person who is a national of a Member State or a citizen of Kosovo;
- (8) “Financial services” means the activities described in Annex VI.

## CHAPTER I

### ESTABLISHMENT

#### ARTICLE 51

1. Kosovo shall facilitate the setting up of operations on its territory by EU companies. To that end, Kosovo shall grant, upon entry into force of this Agreement:
  - (a) as regards the establishment of EU companies on the territory of Kosovo, treatment no less favourable than that accorded to its own companies or to any third country company, whichever is the better;
  - (b) as regards the operation of subsidiaries and branches of EU companies on the territory of Kosovo once established, treatment no less favourable than that accorded to its own companies and branches or to any subsidiary and branch of any third country company, whichever is the better.

2. The EU shall grant, from the entry into force of this Agreement:

- (a) as regards the establishment of Kosovo companies treatment no less favourable than that accorded by the EU to its own companies or to any company of any third country, whichever is the better;
- (b) as regards the operation of subsidiaries and branches of Kosovo companies, established in its territory, treatment no less favourable than that accorded by the EU to its own companies and branches, or to any subsidiary and branch of any third country company, established in its territory, whichever is the better.

3. The Parties shall not adopt any new regulations or measures which introduce discrimination as regards the establishment of the other Party's companies on their territory or in respect of their operation, once established, by comparison with their own companies.

4. Notwithstanding this Article,

- (a) subsidiaries and branches of EU companies shall have, from the entry into force of this Agreement, the right to use and rent real property in Kosovo;

- (b) subsidiaries and branches of EU companies shall, within five years from the entry into force of this Agreement, have the right to acquire and enjoy ownership rights over real property as Kosovo companies and, as regards public goods/goods of common interest, the same rights as enjoyed by Kosovo companies respectively where these rights are necessary for the conduct of the economic activities for which they are established.

## ARTICLE 52

1. Subject to Article 54 the Parties may regulate the establishment and operation of companies on their territory, insofar as these regulations do not discriminate against companies of the other Party in comparison with its own companies.
2. In respect of financial services, notwithstanding any other provisions of this Agreement, a Party shall not be prevented from taking measures for prudential reasons, including for the protection of investors, depositors, policy holders or persons to whom a fiduciary duty is owed by a financial service supplier, or to ensure the integrity and stability of the financial system. Such measures shall not be used as a means of avoiding the Party's obligations under this Agreement.

3. Nothing in this Agreement shall be construed to require a Party to disclose information relating to the affairs and accounts of individual customers or any confidential or proprietary information in the possession of public entities.

#### ARTICLE 53

1. This Chapter is without prejudice to provisions of the Transport Community Treaty with the Western Balkans and of the Multilateral Agreement on the establishment of the European Common Aviation Area signed on 9 June 2006<sup>1</sup>.

2. Within the scope of the EU transport policy, the SAC may make recommendations in specific cases for improving establishment and operations in the areas covered by paragraph 1.

3. This Chapter shall not apply to maritime transport.

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<sup>1</sup> OJ EU L 285, 16.10.2006, p. 3.

## ARTICLE 54

1. Articles 51 and 52 do not preclude the application by a Party of particular rules concerning the establishment and operation in its territory of branches 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 as compared to branches of companies incorporated in its territory or, as regards financial services, for prudential reasons.
2. 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, for prudential reasons.

## CHAPTER II

### SUPPLY OF SERVICES

#### ARTICLE 55

1. An EU company established in the territory of Kosovo or a Kosovo company established in the EU shall be entitled to employ, or have employed by one of its subsidiaries or branches, in accordance with the legislation in force in the host territory of establishment, in the territory of the EU and of Kosovo respectively, employees who are nationals of the EU or citizens of Kosovo respectively, provided that such employees are key personnel as defined in paragraph 2 and that they are employed exclusively by companies, subsidiaries or branches.

2. Key personnel of the abovementioned companies hereinafter referred to as “organisations” are “intra-corporate transferees” as defined in point (c) in the following categories, provided that the organisation is a legal person and that the persons concerned have been employed by it or have been partners in it (other than as majority shareholders), for at least the year immediately preceding such movement:

- (a) Persons working in a senior position with an organisation, who primarily direct the management of the establishment, receiving general supervision or direction principally from the board of directors or stockholders of the business or their equivalent including:
  - (i) directing the establishment of a department or sub-division of the establishment;
  - (ii) supervising and controlling the work of other supervisory, professional or managerial employees;
  - (iii) having the authority personally to recruit and dismiss or recommend recruiting, dismissing or other personnel actions;

- (b) Persons working within an organisation who possess specialised knowledge essential to the establishment's service, research equipment, techniques or management. The assessment of such knowledge may reflect, apart from knowledge specific to the establishment, a high level of qualification referring to a type of work or trade requiring specific technical knowledge, including membership of an accredited profession;
  
- (c) An "intra-corporate transferee" is defined as a natural person working within an organisation in the territory of a Party, and being temporarily transferred in the context of the pursuit of economic activities in the territory of the other Party; the organisation concerned must have its principal place of business in the territory of a Party and the transfer be to an establishment (branch, subsidiary) of that organisation, effectively pursuing like economic activities in the territory of the other Party.

3. The entry into and the temporary presence within the territory of the EU or in Kosovo of Kosovo citizens and EU nationals respectively shall be permitted when these representatives of companies are persons working in a senior position, as defined in paragraph 2(a), within a company, and are responsible for the setting up of an EU subsidiary or branch of a Kosovo company or of a Kosovo subsidiary or branch of an EU company in a Member State or in Kosovo respectively, when:

- (a) those representatives are not engaged in making direct sales or supplying services, and do not receive remuneration from a source located within the host territory of establishment; and
- (b) the company has its principal place of business outside the EU or Kosovo, respectively, and has no other representative, office, branch or subsidiary in that Member State or in Kosovo respectively.

#### ARTICLE 56

In order to make it easier for EU nationals and citizens of Kosovo to take up and pursue regulated professional activities in Kosovo and in the EU respectively, within two years from the entry into force of this Agreement, the SAC shall examine which steps are necessary for the mutual recognition of qualifications. It may take all necessary measures to that end.

## ARTICLE 57

Six years from entry into force of this Agreement, the SAC shall establish the modalities to extend the provisions of this chapter to EU nationals and citizens of Kosovo with a view to the temporary entry and stay of service suppliers established as self-employed in a territory of a Party and who have concluded a bona fide contract to supply services with a final consumer in that Party, requiring their presence on a temporary basis in that Party in order to fulfil the contract to provide services.

## ARTICLE 58

1. The EU and Kosovo undertake, in accordance with paragraphs 2 and 3, to take the necessary steps to allow progressively the supply of services by EU companies, Kosovo companies or by EU nationals or citizens of Kosovo which are established in the territory of a Party other than that of the person for whom the services are intended.

2. In step with the liberalisation process referred to in paragraph 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 55, including natural persons who are representatives of an EU or Kosovo company or an EU national or Kosovo citizen 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. After five years from the entry into force of this Agreement, the SAC shall take the measures necessary to progressively implement paragraphs 1 and 2. Account shall be taken of the progress achieved by Kosovo in its approximation of laws with the EU *acquis*.

#### ARTICLE 59

1. The Parties shall not take any measures or actions which render the conditions for the supply of services by EU nationals or companies and Kosovo citizens or companies which have their place of permanent residence or establishment in a Party other than that of the person for whom the services are intended significantly more restrictive as compared to the situation existing on the day preceding the day of entry into force of this Agreement.

2. If one Party is of the view that measures introduced by the other Party since the entry into force of this Agreement result in a situation which is significantly more restrictive in respect of the supply of services as compared with the situation existing at the date of entry into force of this Agreement, such Party may request the other Party to enter into consultations.

## ARTICLE 60

With regard to supply of transport services between the EU and Kosovo, the following provisions shall apply:

- (1) With regard to air transport, the conditions of mutual market access shall be dealt with by the Multilateral Agreement on the Establishment of the European Common Aviation Area.
- (2) With regard to land transport, the conditions of mutual market access and transit traffic in road transport shall be dealt with by the Treaty establishing the Transport Community.

- (3) Kosovo shall adapt its legislation, including administrative, technical and other rules, to that of the EU existing at any time in the field of air and land transport insofar as it furthers liberalisation purposes and mutual access to markets of the Parties and facilitates the movement of passengers and of goods.
- (4) Kosovo commits to abide by any international conventions relating to road safety, while paying particular attention to the agreed comprehensive network of the South East Europe Transport Observatory (SEETO).
- (5) This Chapter shall not apply to maritime services.

## CHAPTER III

### TRANSIT TRAFFIC

#### ARTICLE 61

##### Definitions

For the purposes of this Agreement, the following definitions shall apply:

- (1) EU transit traffic: the carriage, by a carrier established in the EU, of goods in transit through the territory of Kosovo en route to or from a Member State;
- (2) Kosovo transit traffic: the carriage, by a carrier established in Kosovo, of goods in transit from Kosovo through EU territory and destined for a third country or of goods from a third country destined for Kosovo.

## ARTICLE 62

### General provisions

1. This chapter shall cease to apply once the Transport Community Treaty enters into force.
2. The Parties agree to grant unrestricted access to EU transit traffic through Kosovo and to Kosovo transit traffic through the EU with effect from the date of entry into force of this Agreement.
3. If, as a result of the rights granted under paragraph 2 of this Article, transit traffic by EU hauliers increases to such a degree as to cause or threaten to cause serious harm to road infrastructure and/or traffic fluidity on the axes, and under the same circumstances problems arise on EU territory close to the border/boundary of Kosovo, the matter shall be submitted to the SAC in accordance with Article 128 of this Agreement. The Parties may propose exceptional temporary, non-discriminatory measures as are necessary to limit or mitigate such harm.
4. The Parties shall refrain from taking any unilateral action that might lead to discrimination between carriers or vehicles from the EU and carriers or vehicles from Kosovo. The Parties shall take all steps necessary to facilitate road transport to or through the territory of the other Party.

## ARTICLE 63

### Simplification of formalities

1. The Parties agree to simplify the flow of goods by rail and road, whether bilateral or in transit.
2. The Parties agree to take joint action, to the extent necessary, on, and to encourage, the adoption of further simplification measures.

## CHAPTER IV

### CURRENT PAYMENTS AND MOVEMENT OF CAPITAL

## ARTICLE 64

The Parties undertake to authorise, in freely convertible currency, in accordance with Article VIII of the Articles of Agreement of the International Monetary Fund, any payments and transfers on the current account of balance of payments between the EU and Kosovo.

## ARTICLE 65

1. With regard to transactions on the capital and financial account of balance of payments, from the entry into force of this Agreement, the Parties shall ensure the free movement of capital relating to direct investments made in companies formed in accordance with the applicable legislation and investments made in accordance with Chapter I of Title V, and the liquidation or repatriation of these investments and of any profit stemming therefrom.
  
2. With regard to transactions on the capital and financial account of balance of payments, from the entry into force of this Agreement, the Parties shall ensure the free movement of capital relating to credits related to commercial transactions or to the provision of services, including financial loans and credits, in which a resident of one of the Parties is participating. This Article does not cover portfolio investment, notably the acquisition of shares on the capital market solely with the intention of making a financial investment without any intention to influence the management and control of the undertaking.
  
3. Kosovo shall, within five years from the entry into force of this Agreement, grant national treatment to EU nationals acquiring real estate on its territory.

4. Without prejudice to paragraph 1, the Parties shall not introduce any new restrictions on the movement of capital and current payments between residents of the EU and Kosovo and shall not make the existing arrangements more restrictive.

5. Without prejudice to this Article and to Article 64, where, in exceptional circumstances, movements of capital cause, or threaten to cause, serious difficulties for the operation of exchange rate policy or monetary policy in the EU or Kosovo, the EU and Kosovo, respectively, may take safeguard measures with regard to movements of capital between the EU and Kosovo for a period not exceeding six months if such measures are strictly necessary.

6. The Parties shall consult each other with a view to facilitating the movement of capital between the EU and Kosovo in order to promote the objectives of this Agreement.

#### ARTICLE 66

1. During the first year following the date of entry into force of this Agreement, Kosovo shall take measures permitting the creation of the necessary conditions for the further gradual application of EU rules on the free movement of capital.

2. By the end of the second year following the date of entry into force of this Agreement, the SAC shall determine the modalities for full application of EU rules on the free movement of capital in Kosovo.

## CHAPTER V

### GENERAL PROVISIONS

#### ARTICLE 67

1. This Title shall be applied subject to limitations justified on grounds of public policy, public security or public health.
2. This Title shall not apply to activities that in the territory of either of the Parties are connected, even occasionally, with the exercise of official authority.

## ARTICLE 68

1. For the purpose of this Title, nothing in this Agreement shall prevent the Parties from applying their laws and regulations regarding entry and stay, employment, working conditions, establishment of natural persons and supply of services, notably insofar as the granting, renewal or refusal of a residence permit is concerned, provided that, in so doing, they do not apply them in such a manner as to nullify or impair the benefits accruing to either Party under the terms of a specific provision of this Agreement and the EU *acquis*. This provision shall be without prejudice to the application of Article 67.
2. This Title shall not apply to measures affecting natural persons seeking access to the employment market of either Party, nor shall it apply to measures regarding citizenship, residence or employment on a permanent basis.

## ARTICLE 69

Companies which are controlled and exclusively owned jointly by EU companies or EU nationals and by Kosovo companies or citizens of Kosovo shall also be covered by this Title.

## ARTICLE 70

1. The Most-Favoured-Nation treatment granted in accordance with this Title shall not apply to the tax advantages that the Parties are providing or will provide in the future on the basis of Agreements designed to avoid double taxation or other tax arrangements.
2. This Title shall not be construed to prevent the adoption or enforcement by the Parties of any measure aimed at preventing the avoidance or evasion of taxes pursuant to the tax provisions of Agreements to avoid double taxation and other tax arrangements or domestic fiscal legislation.
3. This Title shall not be construed to prevent the Parties, when applying the relevant provisions of their fiscal legislation, from distinguishing between taxpayers who are not in identical situations, in particular as regards their place of residence.

## ARTICLE 71

1. The Parties shall endeavour wherever possible to avoid the imposition of restrictive measures, including measures relating to imports, for balance of payments purposes. A Party adopting such measures shall present as soon as possible to the other Party a timetable for their removal.

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

#### ARTICLE 72

This Title shall be progressively adjusted, notably in the light of requirements arising from Article V of the GATS.

#### ARTICLE 73

This Agreement shall be without prejudice to the application by either Party of any measure necessary to prevent the circumvention of its measures concerning third-country access to its market through this Agreement.

## TITLE VI

### APPROXIMATION OF KOSOVO'S LAW TO THE EU *ACQUIS*, LAW ENFORCEMENT AND COMPETITION RULES

#### ARTICLE 74

1. The Parties recognise the importance of the approximation of the existing legislation in Kosovo to that of the EU and of its effective implementation. Kosovo shall endeavour to ensure that its existing law and future legislation will gradually be made compatible with the EU *acquis*. Kosovo shall ensure that existing law and future legislation will be properly implemented and enforced.
  
2. This approximation shall start on the date of signature of this Agreement, and shall gradually extend to all the elements of the EU *acquis* referred to in this Agreement by the end of the transitional period defined in Article 9.
  
3. Approximation will, at an early stage, focus on fundamental elements of the EU *acquis* in the field of the Internal Market, and in the field of Freedom, Security and Justice, as well as on trade-related areas. At a further stage, Kosovo shall focus on the remaining parts of the EU *acquis*.

Approximation shall be carried out on the basis of a programme to be agreed between the European Commission and Kosovo.

4. Kosovo shall also define, in agreement with the European Commission, the modalities for the monitoring of the implementation of approximation of legislation and law enforcement actions to be taken, including efforts by Kosovo to reform its judiciary to implement its overall legal framework.

## ARTICLE 75

### Competition and other economic provisions

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

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

(c) any state aid which distorts or threatens to distort competition by favouring certain undertakings or certain products.

2. Any practices contrary to this Article shall be assessed on the basis of criteria arising from the application of the competition rules applicable in the EU, in particular from Articles 101, 102, 106 and 107 of the Treaty on the Functioning of the European Union and interpretative instruments adopted by the EU institutions.

3. The Parties shall ensure that an operationally independent authority is entrusted with the powers necessary for the full application of paragraph 1(a) and (b) of this Article, regarding private and public undertakings and undertakings to which special rights have been granted.

4. Kosovo shall ensure that an operationally independent authority is entrusted with the powers necessary for the full application of paragraph 1(c). This authority shall have, *inter alia*, the powers to authorise state aid schemes and individual aid grants in conformity with paragraph 2, as well as the powers to order the recovery of state aid that has been unlawfully granted.

5. The EU on one side and Kosovo on the other side shall ensure transparency in the area of state aid, *inter alia* by providing to the other Party a regular annual report, or equivalent, following the methodology and the presentation of the EU survey on state aid. Upon request by one Party, the other Party shall provide information on particular individual cases of state aid.

6. Kosovo shall establish a comprehensive inventory of aid schemes instituted and shall align such aid schemes with the criteria referred to in paragraph 2 within a period of no more than three years from the entry into force of this Agreement.
7. (a) For the purposes of applying paragraph 1(c), the Parties recognise that during the first five years after the entry into force of this Agreement, any state aid granted by Kosovo shall be assessed taking into account the fact that Kosovo shall be regarded as an area identical to those areas of the EU described in Article 107(3) (a) of the Treaty on the Functioning of the European Union.
- (b) Within four years from the entry into force of this Agreement, Kosovo shall submit to the European Commission its GDP per capita figures harmonised at NUTS II level. The authority referred to in paragraph 4 and the European Commission shall then jointly evaluate the eligibility of the regions of Kosovo as well as the maximum aid intensities in relation thereto in order to draw up the regional aid map on the basis of the relevant EU guidelines.
8. With regard to products referred to in Chapter II of Title IV:
- (a) paragraph 1(c) of this Article shall not apply;

(b) any practices contrary to paragraph 1(a) of this Article shall be assessed in accordance with the criteria established by the EU on the basis of Articles 42 and 43 of the Treaty on the Functioning of the European Union and specific EU instruments adopted on this basis.

9. If either of the Parties considers that a particular practice is incompatible with the terms of paragraph 1, it may take appropriate measures after consultation within the SAC or after 30 working days following referral for such consultation. This Article shall not prejudice or affect in any way the taking, by the EU or Kosovo, of countervailing measures consistent with the GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures and the respective related internal legislation.

## ARTICLE 76

### Public undertakings

By the end of the third year following the entry into force of this Agreement Kosovo shall apply to public undertakings and undertakings to which special and exclusive rights have been granted the principles set out in the Treaty on the Functioning of the European Union, with particular reference to Article 106 thereof.

Special rights of public undertakings during the transitional period shall not include the possibility to impose quantitative restrictions or measures having an equivalent effect on imports from the EU into Kosovo.

## ARTICLE 77

### General aspects of intellectual property

1. Pursuant to this Article and Annex VII, the Parties confirm the importance that they attach to ensuring adequate and effective protection and enforcement of intellectual, industrial and commercial property rights.
2. Kosovo shall take the necessary measures in order to guarantee no later than five years after entry into force of this Agreement a level of protection of intellectual, industrial and commercial property rights similar to that existing in the EU, including effective means of enforcing such rights.
3. Kosovo undertakes to abide by the multilateral conventions on intellectual, industrial and commercial property rights referred to in Annex VII. The SAC may decide to oblige Kosovo to abide by specific multilateral Conventions in this area.

## ARTICLE 78

### Trade-related aspects of intellectual property

1. From the entry into force of this Agreement, the Parties shall grant to each other's companies, EU nationals and Kosovo citizens, in respect of the recognition and protection of intellectual, industrial and commercial property, treatment no less favourable than that granted by them to any third country under bilateral Agreements.
2. If problems in the area of intellectual, industrial and commercial property affecting trading conditions occur, they shall be referred urgently to the SAC, at the request of either Party, with a view to reaching mutually satisfactory solutions.

## ARTICLE 79

### Public procurement

1. The EU and Kosovo consider the opening-up of the award of public contracts on the basis of non-discrimination and reciprocity, following in particular the WTO rules, to be a desirable objective.

2. From the entry into force of this Agreement, Kosovo companies, whether established in the EU or not, shall be granted access to contract award procedures in the EU pursuant to EU procurement rules under treatment no less favourable than that accorded to EU companies.

The above provisions shall also apply to contracts in the utilities sector once Kosovo has adopted legislation introducing the EU rules in this area. The EU shall examine periodically whether Kosovo has indeed introduced such legislation.

3. From the entry into force of this Agreement, EU companies established in Kosovo under Chapter I of Title V shall be granted access to contract award procedures in Kosovo under treatment no less favourable than that accorded to Kosovo companies.

4. From the entry into force of this Agreement, EU companies not established in Kosovo under Chapter I of Title V shall be granted access to contract award procedures in Kosovo under treatment no less favourable than that accorded to Kosovo companies and EU companies established in Kosovo with the exception of the price preferences described in paragraph 5.

5. From the entry into force of this Agreement, Kosovo shall convert any existing preferences for Kosovo companies or EU companies established in Kosovo, and for contracts awarded under procedures following the criteria of the most economically advantageous tender and the lowest price, to a price preference and shall gradually eliminate the latter within a period of five years in accordance with the following timetable:

- the preferences shall not exceed 15 % by the end of the second year following the entry into force of this Agreement;
- the preferences shall not exceed 10 % by the end of the third year following the entry into force of this Agreement;
- the preferences shall not exceed 5 % by the end of the fourth year following the entry into force of this Agreement; and
- the preferences will be completely abolished no later than the end of the fifth year following the entry into force of this Agreement.

6. Within two years from the entry into force of the Agreement, the SAC may review the preferences set out in paragraph 5 and decide to shorten the periods set out in paragraph 5.

7. Within five years from the entry into force of this Agreement, Kosovo shall enact legislation to implement the procedural standards provided for by the EU *acquis*.

8 Kosovo shall report annually to the SAC on the measures it has taken to enhance transparency and to provide for effective judicial review of decisions taken in the area of public procurement.

9. As regards establishment, operations, supply of services between the EU and Kosovo, Articles 50 to 66 shall apply. With regard to employment and movement of workers linked to the fulfilment of public contracts, the EU *acquis* related to third country nationals shall apply as regards Kosovo citizens in the EU. With regard to EU nationals in Kosovo, Kosovo shall grant reciprocal rights to workers who are nationals of a Member State similar to those of Kosovo citizens in the EU, with regard to employment and movement of workers linked to the fulfilment of public contracts.

## ARTICLE 80

### Standardisation, metrology, accreditation and conformity assessment

1. Kosovo shall take the necessary measures in order to gradually achieve conformity with EU horizontal and sectoral product safety legislation and bring quality infrastructure, such as standardisation, metrology, accreditation and conformity assessment procedures up to European standards.
2. To this end, the Parties shall seek to:
  - (a) promote the use of EU technical regulations, European standards and conformity assessment procedures;
  - (b) provide assistance to fostering the development of quality infrastructure: standardisation, metrology, accreditation and conformity assessment;

- (c) promote Kosovo's cooperation with the organisations related to standards, conformity assessment, metrology, accreditation and similar functions (e.g. CEN, CENELEC, ETSI, EA, WELMEC, EURAMET)<sup>1</sup> should objective circumstances so permit;
- (d) where appropriate, conclude an Agreement on Conformity Assessment and Acceptance of Industrial Products once the legislative framework and the procedures of Kosovo are sufficiently aligned to those of the EU and appropriate expertise is available.

## ARTICLE 81

### Consumer protection

The Parties shall cooperate with a view to approximating Kosovo's legislation on consumer protection to the EU *acquis* with a view to ensuring:

- (a) a policy of active consumer protection, in accordance with EU law, including the increase of information and development of independent organisations in Kosovo;

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<sup>1</sup> European Committee for Standardisation, European Committee for Electrotechnical Standardisation, European Telecommunications Standards Institute, European cooperation for Accreditation, European Cooperation in Legal Metrology, European Association of National Metrology Institutes.

- (b) the harmonisation of legislation of consumer protection in Kosovo with that in force in the EU;
- (c) effective legal protection for consumers in order to improve the quality of consumer goods and maintain appropriate safety standards;
- (d) the monitoring of rules by competent authorities and providing access to appropriate legal redress in case of disputes;
- (e) the exchange of information on dangerous products.

## ARTICLE 82

### Working conditions and equal opportunities

Kosovo shall progressively harmonise its legislation to that of the EU in the fields of working conditions, notably on health and safety at work, and equal opportunities.

## TITLE VII

### FREEDOM, SECURITY AND JUSTICE

#### ARTICLE 83

##### Reinforcement of institutions and rule of law

In their cooperation in the field of freedom, security and justice, the Parties shall attach particular importance to the consolidation of the rule of law, and the reinforcement of institutions at all levels in the areas of administration in general and law enforcement and the administration of justice in particular. Cooperation shall notably aim at strengthening the independence, impartiality and accountability of the judiciary in Kosovo and improving its efficiency, developing adequate structures for the police, prosecutors and judges and other judicial and law enforcement bodies to adequately prepare them for cooperation in civil, commercial and criminal matters, and to enable them to effectively prevent, investigate, prosecute and adjudicate organised crime, corruption and terrorism.

## ARTICLE 84

### Protection of personal data

The Parties shall cooperate on personal data protection legislation with a view to achieving a level of protection of personal data by Kosovo corresponding to that of the EU *acquis*. Kosovo shall ensure sufficient financial and human resources for one or more independent supervisory bodies in order to efficiently monitor and guarantee the enforcement of its personal data protection legislation.

## ARTICLE 85

### Visa, border/boundary management, asylum and migration

The Parties shall cooperate in the areas of visa, border/boundary control, asylum and migration and shall set up a framework for cooperation, including at a regional level, in these fields, taking into account and making full use of other existing initiatives in this area as appropriate.

Cooperation in the matters referred to in the first paragraph shall be based on mutual consultations and close coordination between the Parties and may include technical and administrative assistance for:

- (a) the exchange of statistics and information on legislation and practices;
- (b) the drafting of legislation;
- (c) enhancing the efficiency of the institutions;
- (d) the training of staff;
- (e) the security of travel documents and detection of false documents;
- (f) border/boundary control management.

Cooperation shall focus in particular:

- (a) in the area of asylum, on the adoption and implementation of legislation by Kosovo to meet the standards of the Convention relating to the Status of Refugees, done at Geneva on 28 July 1951, and the Protocol relating to the Status of Refugees, done at New York on 31 January 1967, thereby to ensure that the principle of “non-refoulement” is respected as well as other rights of asylum seekers and refugees;
- (b) in the field of legal migration, on admission rules and rights and status of the person admitted. In relation to migration, the Parties agree to the fair treatment of non-EU nationals who are legally resident in the territory of a Member State or in Kosovo and to explore possibilities to establish measures to provide incentives and support for the actions of Kosovo with a view to promoting the integration of non-EU nationals residing legally in Kosovo.

#### ARTICLE 86

##### Legal migration

The Parties shall cooperate with the objective of supporting Kosovo in the approximation of its legislation with the EU *acquis* on legal migration.

The Parties recognise that Kosovo citizens enjoy rights under the EU *acquis*, notably in areas of working conditions, remuneration and dismissal, family reunification, long-term residence, students, researchers and highly qualified employees, seasonal workers, intra-corporate transferees, and pensions. The Parties also recognise that this is without prejudice to the conditions and modalities applicable in each Member State.

Within a period of four years following the entry into force of this Agreement, Kosovo shall grant reciprocal rights to EU nationals in the areas referred to in the second paragraph. The SAC shall examine the necessary measures to be taken to that effect. The SAC may consider any other matter related to the implementation of this Article.

## ARTICLE 87

### Prevention and control of illegal immigration

The SAC shall establish joint efforts that can be made by the Parties to prevent and control illegal immigration, including trafficking and smuggling in human beings, while ensuring respect and protection of fundamental rights of migrants and assistance to migrants in distress.

## ARTICLE 88

### Readmission

With a view to cooperating in order to prevent and control illegal migration, the Parties shall, upon request and without further formalities:

- (a) readmit any Kosovo citizens or EU nationals illegally present in the respective other Party;
- (b) readmit non-EU nationals and stateless persons having entered the territory of a Member State via Kosovo or Kosovo via the territory of a Member State.

Kosovo shall provide its citizens with appropriate identity documents and shall extend to them the administrative facilities necessary for such purposes.

The parties agree to explore possibilities to start negotiations with a view to concluding an agreement regulating the specific procedures for readmission of the persons referred in points (a) and (b) of the first paragraph .

Kosovo shall explore possibilities to conclude readmission agreements, should objective circumstances so permit, with the countries taking part in the SAP and undertakes to take any necessary measures to ensure the flexible and rapid implementation of those agreements. The EU will explore possibilities to assist the respective countries throughout this process, should objective circumstances so permit.

## ARTICLE 89

### Money laundering and financing of terrorism

The Parties shall cooperate in order to prevent the use of their financial systems for laundering of proceeds from criminal activities in general and drug offences in particular, as well as for the purpose of financing terrorism.

Cooperation in this area shall include administrative and technical assistance to Kosovo with the purpose of developing the implementation of regulations and efficient functioning of the suitable standards and mechanisms to combat money laundering and financing of terrorism equivalent to those adopted by the EU and other international fora in this field, in particular the Financial Action Task Force (FATF).

## ARTICLE 90

### Cooperation on illicit drugs

The Parties shall cooperate to ensure a balanced and integrated approach towards drug issues. Drug policies and actions shall be aimed at reinforcing Kosovo's structures for combating illicit drugs and their precursors, reducing the supply of, trafficking in and the demand for illicit drugs, coping with the health and social consequences of drug abuse, as well as at a more effective control of precursors.

The Parties shall agree on the necessary methods of cooperation to attain these objectives. Actions shall be based on commonly agreed principles along the lines of the EU Drugs Strategy 2013-2020 and any successor document.

## ARTICLE 91

### Preventing and combating organised crime and other illegal activities

The Parties shall cooperate with the aim of reinforcing Kosovo's structures for combating and preventing criminal activities particularly organised crime, corruption and other forms of serious crime with a cross-border/boundary dimension. Kosovo shall abide by relevant international conventions and instruments in this area. Regional cooperation in combating organised crime shall be promoted.

As regards currency counterfeiting in Kosovo, Kosovo shall cooperate closely with the EU to combat counterfeiting of banknotes and coins and to suppress and punish any counterfeiting thereof. At the level of prevention, Kosovo shall aim at implementing measures which are equivalent to those laid down in the relevant EU legislation, and to abide by the relevant international conventions and instruments related to this field. Kosovo may benefit from EU support for exchange, assistance and training in the protection against currency counterfeiting.

## ARTICLE 92

### Combating terrorism

The Parties shall cooperate with the aim of reinforcing Kosovo's structures for preventing and suppressing acts of terrorism and their financing, particularly those with a cross-border/boundary dimension. Cooperation in this context shall be in a manner consistent with the rule of law, human rights and fundamental freedoms, international law on refugees and international humanitarian law. Kosovo shall abide by the relevant international conventions and instruments in this area.

## TITLE VIII

### COOPERATION POLICIES

## ARTICLE 93

The EU and Kosovo shall establish close cooperation aimed at contributing to the development and growth potential of Kosovo. Such cooperation shall strengthen existing economic links on the widest possible foundation, to the benefit of both Parties.

Policies and other measures shall be designed to bring about sustainable economic and social development of Kosovo. These policies shall ensure that environmental and climate considerations are also fully incorporated from the outset and that they are linked to the requirements of harmonious social development.

Cooperation policies shall be integrated into a regional framework of cooperation. Special attention shall be devoted to measures that can foster cooperation between Kosovo and its neighbouring countries, thus contributing to regional stability. The SAC shall define priorities between and within the cooperation policies described in this Title.

#### ARTICLE 94

##### Economic and trade policy

The EU and Kosovo shall facilitate the process of economic reform by cooperating to improve understanding of the fundamentals of their respective economies and the formulation and implementation of economic policy in market economies.

To these ends, the EU and Kosovo shall cooperate to:

- (a) exchange information on macroeconomic performance and prospects and on strategies for development;
- (b) analyse jointly economic issues of mutual interest, including supporting economic policy and its implementation; and
- (c) promote wider cooperation with the aim to speed up the inflow of know-how and access to new technologies.

Kosovo shall strive to establish a functioning market economy and to gradually approximate its policies to the stability-oriented policies of the Economic and Monetary Union. At the request of the authorities of Kosovo, the EU may provide assistance designed to support the efforts of Kosovo in this respect.

Cooperation shall also aim at strengthening the rule of law in the business area through a stable and non-discriminatory trade-related legal framework.

Cooperation in this area shall include exchange of information concerning the principles and functioning of the Economic and Monetary Union.

## ARTICLE 95

### Statistical cooperation

Cooperation between the Parties shall primarily focus on priority areas related to the EU *acquis* in the field of statistics. It shall notably be aimed at developing an efficient and sustainable statistical system in Kosovo capable of providing, reliable, objective and accurate data, comparable with European statistics, needed to plan and monitor the process of transition and reform in Kosovo. It shall aim at enabling the Kosovo Agency of Statistics to better meet the needs of its customers (both public administration and private sector). The statistical system shall be consistent with the principles of the European Statistics Code of Practice, and the UN fundamental principles of statistics, the stipulations of European statistical law, and develop towards the application of EU *acquis* in the field of statistics. The Parties shall cooperate in particular to ensure the confidentiality of individual data, to progressively increase data collection and transmission to the European Statistical System, and to exchange information on methods, transfer of know-how and training.

## ARTICLE 96

### Banking, insurance and other financial services

Cooperation between the EU and Kosovo shall focus on priority areas related to the EU *acquis* in the fields of banking, insurance and financial services. The Parties shall cooperate with the aim of establishing and developing a suitable framework for the encouragement of the banking, insurance and financial services sectors in Kosovo based on fair competition practices and ensuring the necessary level playing field.

## ARTICLE 97

### Public internal financial control and external audit

Cooperation between the Parties shall focus on priority areas related to the EU *acquis* in the fields of public internal financial control. The Parties shall, in particular, cooperate with the aim of further developing the implementation of efficient internal control and functionally independent internal audit systems in the public sector in Kosovo, consistent with internationally accepted framework and EU good practice.

In order to be able to fulfil the coordination and harmonisation responsibilities stemming from the above requirements, cooperation shall also focus on the establishment and strengthening of central harmonisation units for financial management and control and for internal audit.

In the area of External Audit, the Parties shall in particular cooperate with the aim of further developing an independent external audit function in Kosovo consistent with internationally accepted standards and EU good practice. Cooperation shall also focus on capacity building of the Office of the Auditor General.

## ARTICLE 98

### Investment promotion and protection

Cooperation between the Parties in the field of investment promotion and protection shall focus on protection of foreign direct investment and shall aim to bring about a favourable climate for private investment, both domestic and foreign, which is essential to the economic and industrial revitalisation of Kosovo. The particular aims of cooperation shall be for Kosovo to improve the legal framework so as to favour and protect investment.

## ARTICLE 99

### Industrial cooperation

Cooperation shall aim to promote the modernisation and restructuring of industry and individual sectors in Kosovo. It shall also aim at ensuring that the conditions necessary for the competitiveness of Kosovo's industry exist under conditions which ensure that the environment is protected.

Cooperation shall take into account regional aspects of industrial development, promoting cross-border/boundary partnerships when relevant. The initiatives may seek in particular to establish a suitable framework for undertakings, to improve management and know-how and to promote markets, market transparency and the business environment. Special attention shall be devoted to the establishment of efficient export promotion activities in Kosovo.

Cooperation shall take due account of the EU *acquis* in the field of industrial policy.

## ARTICLE 100

### Small and medium-sized enterprises

Cooperation between the Parties shall be aimed at developing and strengthening private sector small and medium-sized enterprises (SMEs), encouraging an environment favourable to initiative and to the development of enterprises, particularly small and medium-sized enterprises, as well as encouraging an environment favourable to cooperation between enterprises. Cooperation shall be in line with the Small Business Act principles and shall take due account of priority areas related to the EU *acquis* in the field of SMEs.

## ARTICLE 101

### Tourism

Cooperation between the Parties in the field of tourism shall aim at:

- (a) ensuring a balanced and sustainable development of tourism and related issues;

- (b) strengthening the flow of information on tourism (through international networks, databanks, etc.);
- (c) encouraging the development of infrastructure conducive to investment in the tourism sector.

Cooperation shall also aim at studying the opportunities for joint operations and strengthening cooperation between tourism enterprises, experts and institutions and their competent agencies in the field of tourism, as well as transferring know-how (through training, exchanges, seminars).

Cooperation shall take due account of EU *acquis* in the field of tourism.

Cooperation may be integrated into a regional framework of cooperation.

## ARTICLE 102

### Agriculture and the agro-industrial sector

Cooperation between the Parties shall be developed in all priority areas related to the EU *acquis* in the field of agriculture, as well as on quality schemes for agricultural products and foodstuffs, food safety, veterinary and phytosanitary domains. Cooperation shall notably aim at modernising and restructuring the agriculture and agro-industrial sector in Kosovo, particular to reach EU sanitary requirements, to improve water management and rural development as well as to develop the related aspects of the forestry sector in Kosovo and at supporting the gradual approximation of Kosovo legislation and practices to the EU *acquis*.

## ARTICLE 103

### Fisheries

The Parties shall explore the possibility of identifying mutually beneficial areas of common interest in the aquaculture and fishery sectors. Cooperation shall take due account of priority areas related to the EU *acquis* in these fields and of principles of management and conservation of fisheries resources based on rules developed by relevant international and regional fisheries organisations.

## ARTICLE 104

### Customs

The Parties shall establish cooperation in this area with a view to guaranteeing compliance with the provisions to be adopted in the area of trade and to achieve the approximation of the customs systems of Kosovo to that of the EU, thereby helping to pave the way for the liberalisation measures planned under this Agreement and for the gradual approximation of the Kosovo customs legislation to the EU *acquis*.

Cooperation shall take due account of priority areas related to the EU *acquis* in the field of customs.

The rules on mutual administrative assistance between the Parties in the customs field are laid down in Protocol IV.

## ARTICLE 105

### Taxation

The EU shall cooperate with Kosovo with a view to assisting its development in the field of taxation including measures aiming at the further reform of Kosovo's fiscal system and the restructuring of tax administration with a view to ensuring effectiveness of tax collection and the fight against fiscal fraud.

Cooperation shall take due account of priority areas related to the EU *acquis* in the field of taxation and in the fight against harmful tax competition. Kosovo, when preparing its legislation on elimination of harmful tax competition, shall take due account of the principles of the Code of Conduct for business taxation adopted by the Council and the Representatives of the Governments of the Member States, meeting within the Council on 1 December 1997<sup>1</sup>.

Cooperation shall aim to promote the principles of good governance in tax matters, transparency, exchange of information and fair tax competition in Kosovo, with a view to facilitating the enforcement of measures preventing tax fraud, evasion or avoidance.

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<sup>1</sup> Conclusions of the ECOFIN Council meeting on 1 December 1997 concerning taxation policy (OJ EU C 2, 6.1.1998, p. 1).

## ARTICLE 106

### Social cooperation

The Parties shall cooperate to facilitate the reform of employment policy in Kosovo, in the context of strengthened economic reform and integration, and with a view to supporting inclusive growth. Cooperation shall also seek to promote social dialogue as well as gradual legal approximation of Kosovo legislation on labour, health, safety at work and equal opportunities for women and men, for persons with disabilities and for persons belonging to minorities and other vulnerable groups to the EU *acquis*, taking as a reference the level of protection existing in the EU. This may also include Kosovo's alignment with the EU *acquis* in the field of labour law and regarding women's working conditions. Cooperation shall also promote the adoption of comprehensive social inclusion and anti-discrimination policies in Kosovo. Cooperation shall also include establishing a social protection system in Kosovo able to support employment and inclusive growth.

The Parties shall cooperate with a view to ensuring the approximation of Kosovo's legislation to the EU *acquis*, and with the aim to improve health and prevent illness in the population, develop independent and effective administrative structures and enforcement powers to ensure essential health and safety requirements, safeguard patients' rights, protect citizens from health threats and diseases, and to promote healthy lifestyles.

Kosovo shall abide by international conventions and other instruments in these areas. Cooperation shall take due account of priority areas related to the EU *acquis* in these fields.

## ARTICLE 107

### Education and training

The Parties shall cooperate with the aim of raising the level of general education and vocational education and training as well as youth policy and youth work in Kosovo, as means to promote skills development, employability, social inclusion and economic development in Kosovo. A priority for higher education systems shall be the achievement of adequate quality standards of its institutions and programmes consistent with the objectives of the Bologna process and Declaration.

The Parties shall also cooperate with the aim of ensuring that access to all levels of education and training in Kosovo is free of discrimination on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Cooperation shall seek to address the needs of students with disabilities in Kosovo.

Cooperation shall also aim to develop capacities in research and innovation, notably through joint projects on research and innovation involving all stakeholders and ensuring the transfer of know-how.

The relevant EU programmes and instruments shall contribute to the upgrading of educational, training, research and innovation structures and activities in Kosovo.

Cooperation shall take due account of priority areas related to the EU *acquis* in this field.

## ARTICLE 108

### Cultural cooperation

The Parties undertake to promote cultural cooperation. This cooperation shall serve to strengthen the cultural policy capacity of Kosovo, reinforce the capacity of cultural operators and increase mutual understanding between individuals, minorities and peoples. Cooperation shall also support institutional reforms to promote cultural diversity in Kosovo, including on the basis of principles enshrined in the UNESCO Convention on the protection and the promotion of the diversity of cultural expressions, adopted in Paris on 20 October 2005.

## ARTICLE 109

### Cooperation in the audio-visual field

The Parties shall cooperate to promote the audio-visual industry in Europe and encourage co-productions in the sectors of cinema and audio-visual media.

Cooperation could include *inter alia* programmes and facilities for the training of journalists and professionals of the audio-visual media industry, as well as technical assistance to Kosovo public and private media, so as to reinforce their independence, professionalism and links with European media.

Kosovo shall align its policies on the regulation of content aspects of cross-border/boundary broadcasting with those of the EU and shall harmonise its legislation with the EU *acquis*. Kosovo shall pay particular attention to matters relating to the acquisition of intellectual property rights for programmes and broadcasts as well as to ensuring and strengthening the independence of the relevant regulatory authorities.

## ARTICLE 110

### Information society

Cooperation shall be developed in all areas related to the EU *acquis* regarding the information society. It shall mainly support Kosovo's gradual approximation of policies and legislation in this sector with those of the EU.

The Parties shall also cooperate with a view to further developing the information society in Kosovo. Global objectives will be to prepare further society as a whole for the digital age, as well as identifying measures ensuring interoperability of networks and services.

## ARTICLE 111

### Electronic communications networks and services

Cooperation shall primarily focus on priority areas related to the EU *acquis* in this field.

The Parties shall, in particular, strengthen cooperation in the area of electronic communications networks and electronic communications services, with the ultimate objective of the adoption by Kosovo of the EU *acquis* in the sector five years after the entry into force of this Agreement, paying particular attention to ensuring and strengthening the independence of the relevant regulatory authorities.

## ARTICLE 112

### Information and communication

The Parties shall take the measures necessary to stimulate the mutual exchange of information. Priority shall be given to programmes aimed at providing the general public with basic information about the EU and professional circles in Kosovo with more specialised information.

## ARTICLE 113

### Transport

Cooperation between the Parties shall focus on priority areas related to the EU *acquis* in the field of transport.

Cooperation may notably aim at restructuring and modernising Kosovo's transport systems and improving related infrastructures (including regional links as identified by the South-East Europe Transport Observatory), improving the free movement of passengers and goods, achieving standards interoperable with and comparable to those prevailing in the EU and aligning transport legislation to that of the EU, should objective circumstances so permit.

Cooperation shall aim to contribute to progressive mutual access to the EU and Kosovo transport markets and facilities as provided for in this Agreement, developing a transport system in Kosovo compatible, interoperable and aligned with the EU system, and improving environmental protection in the field of transport.

## ARTICLE 114

### Energy

In accordance with the relevant EU *acquis*, the Parties shall develop and strengthen their cooperation in the field of energy consistent with the principles of the market economy and the Treaty establishing the Energy Community, signed in Athens on 25 October 2005<sup>1</sup>. Cooperation shall be developed with a view to the gradual integration of Kosovo into Europe's energy markets.

Cooperation may include assistance to Kosovo as regards in particular:

- (a) improvement and diversification of supply and improvement of access to the energy market, in accordance with the EU *acquis* on security of supply and the regional energy strategy of the Energy Community, and applying EU and European rules on transit, transmission and distribution and restoration of electricity interconnections of regional importance with its neighbours;
- (b) helping Kosovo implement the EU *acquis* on energy efficiency, renewable energy sources, and the environmental impact of the energy sector, therefore promoting energy saving, energy efficiency, renewable energy and studying and mitigating the environmental impact of energy production and consumption;

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<sup>1</sup> OJ EU L 198, 20.7.2006, p. 18.

- (c) formulating of framework conditions for restructuring of energy companies and cooperation between undertakings in this sector, in line with the EU internal energy market rules on unbundling.

## ARTICLE 115

### Environment

The Parties shall develop and strengthen their cooperation in the environmental field with the vital task of halting further degradation and start improving the environmental situation with the aim of sustainable development in Kosovo. The Parties shall cooperate in the fields of air and water quality (including with regard to radioactive substances in water intended for human consumption), basic safety standards for protection against dangers arising from exposure to ionising radiation, all types of waste management (including responsible and safe management of radioactive waste) and nature protection, monitoring and reducing industrial emissions, ensuring safety at industrial installations, and classification and safe handling of chemicals in Kosovo.

The Parties shall, in particular, establish cooperation with the aim of strengthening Kosovo's administrative structures and procedures to ensure strategic planning of environment issues and coordination between relevant actors and shall focus on gradual approximation of Kosovo's legislation to the EU *acquis* and where appropriate Euratom *acquis*. Cooperation could also centre on the development by Kosovo of strategies to significantly reduce local, regional and trans-boundary air and water pollution, to establish a framework for efficient, clean, sustainable and renewable production and consumption of energy, and to execute environmental impact assessment and strategic environmental assessment.

## ARTICLE 116

### Climate change

The Parties shall cooperate with the aim to assist Kosovo to develop its climate policy and mainstream climate consideration in energy, transport, industry, agriculture, education and other relevant policies. Such cooperation shall also support gradual approximation of Kosovo's legislation to EU *acquis* on climate change, in particular the effective monitoring, reporting and verification of greenhouse gas emissions. Such cooperation shall also assist Kosovo in establishing adequate administrative capacities and coordination procedures between all relevant actors to enable the adoption and implementation of low-carbon and climate-resilient growth policies. The Parties shall cooperate with the aim, should objective circumstances so permit, to assist Kosovo's involvement in global and regional efforts to mitigate and adapt to climate change.

## ARTICLE 117

### Civil Protection

The Parties shall develop and strengthen their cooperation on improving the prevention of, preparation for and response to natural and man-made disasters. Cooperation shall, in particular, aim at enhancing Kosovo's civil protection capacities and at Kosovo's gradual approximation to the EU *acquis* related to disaster management.

Cooperation may centre on the following priorities:

- (a) early notification and warning about disasters; coverage of Kosovo by the European early warning systems and monitoring tools,
- (b) establishing effective communication on a 24-hour basis between the emergency services of Kosovo and those of the European Commission,
- (c) ensuring cooperation in case of major emergencies including facilitation of provision and receipt of assistance and host support,

- (d) improving the knowledge base on disasters and hazards, and development of Kosovo-wide disaster risk assessment and disaster management plans,
- (e) implementing best practices and guidelines in the field of disaster prevention, preparedness and response.

## ARTICLE 118

### Research and technological development

The Parties shall encourage cooperation in civil scientific research and technological development (RTD) on the basis of mutual benefit and, taking into account the availability of resources, adequate access to their respective programmes, subject to appropriate levels of effective protection of intellectual, industrial and commercial property rights.

Cooperation shall take due account of the priority areas related to the EU *acquis* in the field of research and technical development.

## ARTICLE 119

### Regional and local development

The Parties shall seek to identify measures to strengthen regional and local development cooperation, with the objective of contributing to economic development and reducing regional imbalances. Specific attention shall be given to cross-border/boundary, trans-national and interregional cooperation.

Cooperation shall take due account of the priority areas related to the EU *acquis* in the field of regional development.

## ARTICLE 120

### Public administration

Cooperation and dialogue shall aim at ensuring the further development of a professional, efficient and accountable public administration in Kosovo, building on the reform efforts undertaken to date in this area, including those related to the decentralisation process and to the establishment of new municipalities. Cooperation shall notably aim to support the implementation of the rule of law, the proper functioning of the institutions for the benefit of the population of Kosovo as a whole, and the smooth development of relations between the EU and Kosovo.

Cooperation in this area shall mainly focus on institution building, including the development and implementation of merit-based, transparent and impartial recruitment procedures at both central and local level, human resources management, and career development for the public service, continued training and the promotion of ethics within the public administration. Cooperation shall also include the improvement of efficiency and the capacity of independent bodies that are instrumental for the functioning of public administration and for an effective system of checks and balances.

## TITLE IX

### FINANCIAL COOPERATION

#### ARTICLE 121

In order to achieve the objectives of this Agreement and in accordance with Articles 7, 122, 123 and 125, Kosovo may receive financial assistance from the EU in the form of grants and loans, including loans from the European Investment Bank. EU financial assistance is conditional on further progress in satisfying the Copenhagen political criteria. Account shall also be taken of Kosovo's fulfilment of obligations under this Agreement as well as of annual progress reports on Kosovo. EU financial assistance shall also be subject to the conditionalities of the SAP, in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms. Financial assistance granted to Kosovo shall be geared to observed needs, agreed priorities, the capacity to absorb and repay, and the measures taken to reform and restructure the economy.

## ARTICLE 122

Financial assistance, in the form of grants, shall be provided in accordance with the relevant regulation of the European Parliament and of the Council within a multi-annual indicative framework and based on annual or multi-annual programmes established by the EU following consultations with Kosovo.

## ARTICLE 123

Financial assistance may cover all relevant sectors of cooperation, paying particular attention to the fields of Freedom, Security and Justice, approximation of legislation to the EU *acquis*, social and economic development, good governance, public administration reform, energy and agriculture.

#### ARTICLE 124

At the request of Kosovo and in case of special need, the EU could examine in coordination with international financial institutions, the possibility of granting on an exceptional basis macro-financial assistance subject to certain conditions and taking into account the availability of all financial resources. This assistance would be released subject to the fulfilment of conditions to be established in the context of a programme agreed between Kosovo and the International Monetary Fund.

#### ARTICLE 125

In order to permit optimum use of the resources available, the Parties shall ensure that EU financial assistance is given in close coordination with that from other sources such as the Member States, non-EU countries and international financial institutions.

To this effect, Kosovo shall regularly provide information on all sources of assistance.

## TITLE X

### INSTITUTIONAL, GENERAL AND FINAL PROVISIONS

#### ARTICLE 126

A Stabilisation and Association Council (SAC) is hereby established which shall supervise the application and implementation of this Agreement. It shall meet at an appropriate level at regular intervals, and call extraordinary meetings as circumstances require. It shall examine any major issues arising within the framework of this Agreement and any other issues of mutual interest.

#### ARTICLE 127

1. The SAC shall consist of representatives of the EU, on the one hand, and of Kosovo on the other.
2. The SAC shall establish its rules of procedure.
3. The members of the SAC may arrange to be represented, in accordance with the conditions to be laid down in its rules of procedure.

4. The SAC shall be chaired in turn by a representative of the EU and a representative of Kosovo, in accordance with the provisions to be laid down in its rules of procedure.

5. In matters that concern it, the European Investment Bank shall take part, as an observer, in the work of the SAC.

#### ARTICLE 128

The SAC shall, for the purpose of attaining the objectives of this Agreement, have the power to take decisions within the scope of this Agreement 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 SAC may also make appropriate recommendations. It shall draw up its decisions and recommendations by agreement between the Parties.

#### ARTICLE 129

1. The SAC shall be assisted in the performance of its duties by a Stabilisation and Association Committee, composed of representatives of the EU, on the one hand, and of Kosovo, on the other.

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

3. The SAC may delegate to the Stabilisation and Association Committee any of its powers. In this event the Stabilisation and Association Committee shall take its decisions in accordance with the conditions laid down in Article 128.

#### ARTICLE 130

The Stabilisation and Association Committee may create subcommittees and special groups. Before the end of the first year after the entry into force of this Agreement, the Stabilisation and Association Committee shall set up the necessary subcommittees for the adequate implementation of this Agreement.

A subcommittee that will address migration issues shall be created.

## ARTICLE 131

The SAC may decide to set up other special committees or bodies that can assist it in carrying out its duties. In its rules of procedure, the SAC shall determine the composition and duties of such committees or bodies and how they shall function.

## ARTICLE 132

A Stabilisation and Association Parliamentary Committee (hereinafter referred to as the “Parliamentary Committee”) is hereby established. It shall be a forum for Members of the European Parliament and Members of the Parliament of Kosovo to meet and exchange views. It shall meet at intervals that it shall itself determine, but at least once a year.

The Parliamentary Committee shall consist of Members of the European Parliament and Members of the Parliament of Kosovo.

The Parliamentary Committee shall establish its rules of procedure.

The Parliamentary Committee shall be chaired in turn by a member of the European Parliament and by a member of the Parliament of Kosovo, in accordance with the provisions to be laid down in its rules of procedure.

The Parliamentary Committee may make recommendations to the SAC.

#### ARTICLE 133

Within the scope of this Agreement, the Parties undertake to ensure that natural and legal persons of the other Party have access, free of discrimination, to appropriate legal redress for the defence of their rights.

#### ARTICLE 134

This Agreement shall not prevent a Party from taking any measures which it considers necessary to prevent the disclosure of information contrary to its essential security interests.

## ARTICLE 135

1. In the fields covered by this Agreement:
  - (a) the arrangements applied by Kosovo in respect of the EU shall not give rise to any discrimination between the Member States, their nationals, their companies or firms;
  - (b) the arrangements applied by the EU in respect of Kosovo shall not give rise to any discrimination between citizens of Kosovo as well as between Kosovo companies or firms.
2. Paragraph 1 shall be without prejudice to any special provisions contained in this Agreement, including and in particular to Article 70(3).

## ARTICLE 136

1. The Parties shall take any general or specific measures required to fulfil their obligations under this Agreement. They shall ensure that the objectives set out in this Agreement are attained.
2. The Parties agree to consult promptly through appropriate channels at the request of either Party to discuss any matter concerning the interpretation or implementation of this Agreement and other relevant aspects of the relations between the Parties.

3. Each Party shall refer to the SAC any dispute relating to the application or interpretation of this Agreement. In that case, Article 137 and, as the case may be, Protocol V shall apply.

The SAC may settle the dispute by means of a binding decision.

4. If either Party considers that the other Party has failed to fulfil an obligation under this Agreement, it may take appropriate measures. Before so doing, except in cases of special urgency, it shall supply the SAC 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 this Agreement. These measures shall be notified immediately to the SAC and shall be the subject of consultations, if the other Party so requests, within the SAC, the Stabilisation and Association Committee or any other body set up on the basis of Article 130 and Article 131.

5. Paragraphs 2, 3 and 4 of this Article shall in no way affect and are without prejudice to Articles 34, 42, 43, 44, 48 and Protocol III (Definition of the concept of originating products and methods of administrative cooperation).

6. Paragraphs 3 and 4 of this Article shall not apply to Articles 5 and 13.

## ARTICLE 137

1. When a dispute arises between the Parties concerning the interpretation or the implementation of this Agreement, either Party shall notify to the other Party and the SAC a formal request that the matter in dispute be resolved.

Where a Party considers that a measure adopted by the other Party, or a failure of the other Party to act, constitutes a breach of its obligations under this Agreement, the formal request that the dispute be resolved shall give the reasons for this opinion and indicate, as the case may be, that the Party may adopt measures as provided for in Article 136(4).

2. The Parties shall endeavour to resolve the dispute by entering into good faith consultations within the SAC and other bodies as provided in paragraph 3, with the aim of reaching as soon as possible a mutually acceptable solution.

3. The Parties shall provide the SAC with all relevant information required for a thorough examination of the situation.

As long as the dispute is not resolved, it shall be discussed at every meeting of the SAC, unless the arbitration procedure as provided for in Protocol V has been initiated. A dispute shall be deemed to be resolved when the SAC has taken a binding decision to settle the matter as provided for in Article 136(3), or when it has declared that there is no longer a dispute.

Consultations on a dispute can also be held at any meeting of the Stabilisation and Association Committee or any other relevant committee or body set up on the basis of Articles 130 and 131, as agreed between the Parties or at the request of any of the Parties. Consultations may also be held in writing.

All information disclosed during the consultations shall remain confidential.

4. For matters within the scope of application of Protocol V, any Party may submit the matter in dispute for settlement through arbitration in accordance with that Protocol, when the Parties have failed to resolve the dispute within two months after the initiation of the dispute settlement procedure in accordance with paragraph 1 of this Article.

#### ARTICLE 138

This Agreement shall not, until equivalent rights for individuals and economic operators have been achieved under this Agreement, affect rights ensured to them through existing agreements binding one or more Member States, on the one hand, and Kosovo, on the other.

#### ARTICLE 139

Annexes I to VII, Protocols 1, 2, 3, 4 and 5, and the Declaration shall form an integral part of this Agreement.

#### ARTICLE 140

This Agreement is concluded for an unlimited period.

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

Either Party may suspend all or part of this Agreement, with immediate effect, in the event of the non-compliance by the other Party of one of the essential elements of this Agreement.

The EU may take measures it deems appropriate, including suspending all or part of this Agreement, with immediate effect, in the event of the non-compliance by Kosovo with essential principles as set out in Articles 5 and 13.

#### ARTICLE 141

This Agreement shall apply, on the one hand, to the territories in which the Treaty on European Union, the Treaty on the Functioning of the European Union and the Treaty establishing the European Atomic Energy Community are applied and under the conditions laid down in those Treaties, and to the territory of Kosovo, on the other.

#### ARTICLE 142

The General Secretariat of the Council of the European Union shall be the depositary of this Agreement.

#### ARTICLE 143

This Agreement shall be drawn up in duplicate in the Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish, Swedish, Albanian and Serbian languages, each text being equally authentic.

#### ARTICLE 144

The Parties shall approve this Agreement 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.