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**Committee on Regional Trade Agreements**

**FACTUAL PRESENTATION**

PARTNERSHIP, TRADE AND COOPERATION AGREEMENT BETWEEN THE  
UNITED KINGDOM AND NORTH MACEDONIA  
(GOODS AND SERVICES)

*Report by the Secretariat*

This report, prepared for the consideration of the Partnership, Trade and Cooperation Agreement between the United Kingdom and North Macedonia, has been drawn up by the WTO Secretariat on its own responsibility and in full consultation with the Parties. The factual presentation reproduces as closely as possible the terminology used in the Agreement and in the comments provided and does not imply official endorsement or acceptance by the Secretariat of such terminology. The report has been drawn up in accordance with the rules and procedures contained in the Decision for a Transparency Mechanism for Regional Trade Agreements (WT/L/671) and thus does not imply any value judgement by the Secretariat regarding the contents of the Agreement.

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### Key Facts

<b>Parties to the Agreement:</b>	United Kingdom and North Macedonia
<b>Date of Signature:</b>	3 December 2020
<b>Date of Entry into Force:</b>	1 January 2021
<b>Date of Notification:</b>	31 December 2020
<b>Full implementation:</b>	<b>2021</b>

This Factual Presentation describes the Partnership, Trade and Cooperation Agreement between the United Kingdom and North Macedonia<sup>1</sup> (hereinafter referred to as "the Agreement"). The Agreement was concluded in December 2020 and entered into force on 1 January 2021. Its objective is to preserve the links between the Parties under the Stabilisation and Association Agreement between the European Union and the Republic of North Macedonia<sup>2</sup> (hereinafter referred to as "the EU-North Macedonia Agreement" or "incorporated Agreement") following the UK's withdrawal from the EU. The EU-North Macedonia Agreement was concluded in 2001 and was considered by the Committee on Regional Trade Agreements on 28 June 2011.

## 1 TRADE ENVIRONMENT

1.1. The Agreement between the United Kingdom and North Macedonia is one of 38 agreements/RTAs notified by the UK and currently in force, and one of the six agreements/RTAs notified by North Macedonia and currently in force. The economies are of considerably different sizes, with the UK's GDP at USD 2,711 billion in 2020 compared to USD 12.3 billion for North Macedonia.<sup>3</sup> Manufactured products dominate both Parties' exports and imports, while the trade to GDP ratio of North Macedonia (66.7) is double that of the UK (31.2).

### 1.1 Merchandise trade

1.2. In 2020, the UK's merchandise exports amounted to USD 404.7 billion (representing 2.3% of world exports, and ranking 12<sup>th</sup>) and its imports to USD 634.7 billion (3.6% of world imports, and ranking 5<sup>th</sup>). North Macedonia's merchandise exports in the same year totalled USD 6.6 billion (0.04% of world exports, ranking it 97<sup>th</sup>) and its imports to USD 8.7 billion (0.05% of world imports, and ranking 99<sup>th</sup>).

1.3. The United Kingdom was North Macedonia's second main source of imports in 2020 (15.6% of total imports), behind the European Union (46.2%), and 4<sup>th</sup> main export destination (2.4% of total exports, compared to 77.6% for the European Union). Imports from and exports to North Macedonia represented a relatively minor share of the UK's total imports and exports.

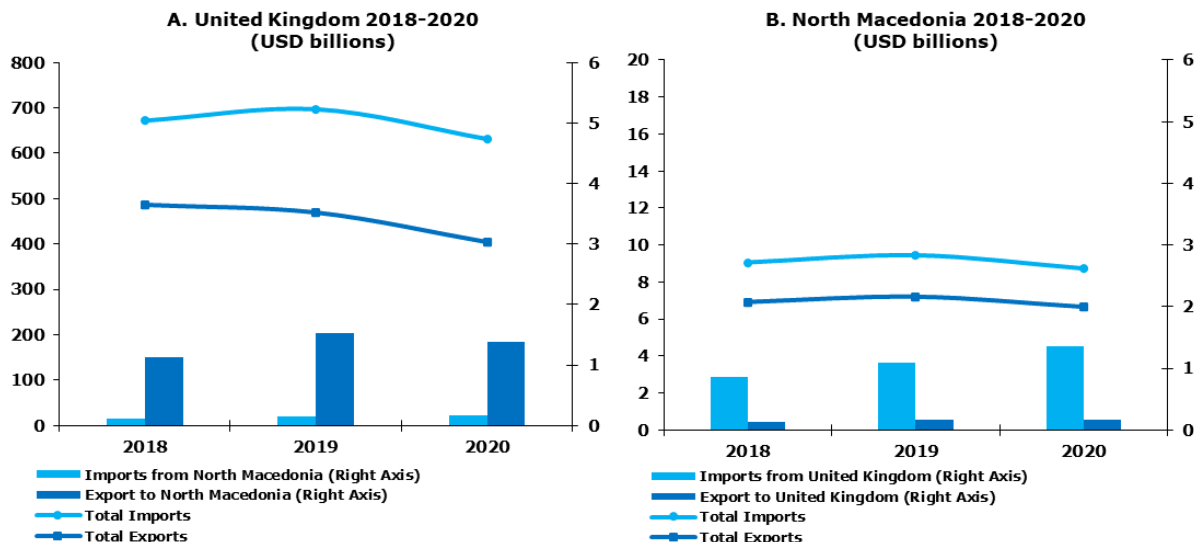
<sup>1</sup> Reference is made further to the communication dated 14 February 2019 from the permanent mission addressed to the Protocol and Liaison Service of the United Nations in line with the Final Agreement for the Settlement of the Differences as Described in the United Nations Security Council Resolutions 817 (1993) and 845 (1993), the Termination of the Interim Accord of 1995, and the Establishment of a Strategic Partnership between the Parties. <https://unterm.un.org/unterm/display/record/unhq/na/1c98d616-3b6a-4d15-a7cb-f88c7f988b83>

<sup>2</sup> Concluded as "the Stabilisation and Association Agreement between the European Communities and their Member States, on the one part, and the former Yugoslav Republic of Macedonia, of the other part".

<sup>3</sup> Source: WTO Trade Profiles 2021.

1.4. Chart 1.1 summarizes the trends in global and bilateral trade of the Parties for the period 2018-20. Both Parties maintained steady global trade deficits during this period. Bilaterally, the data show a large trade surplus in favour of the UK throughout 2018-20.

**Chart 1.1 United Kingdom-North Macedonia: Merchandise bilateral trade and with world (2018-2020)**

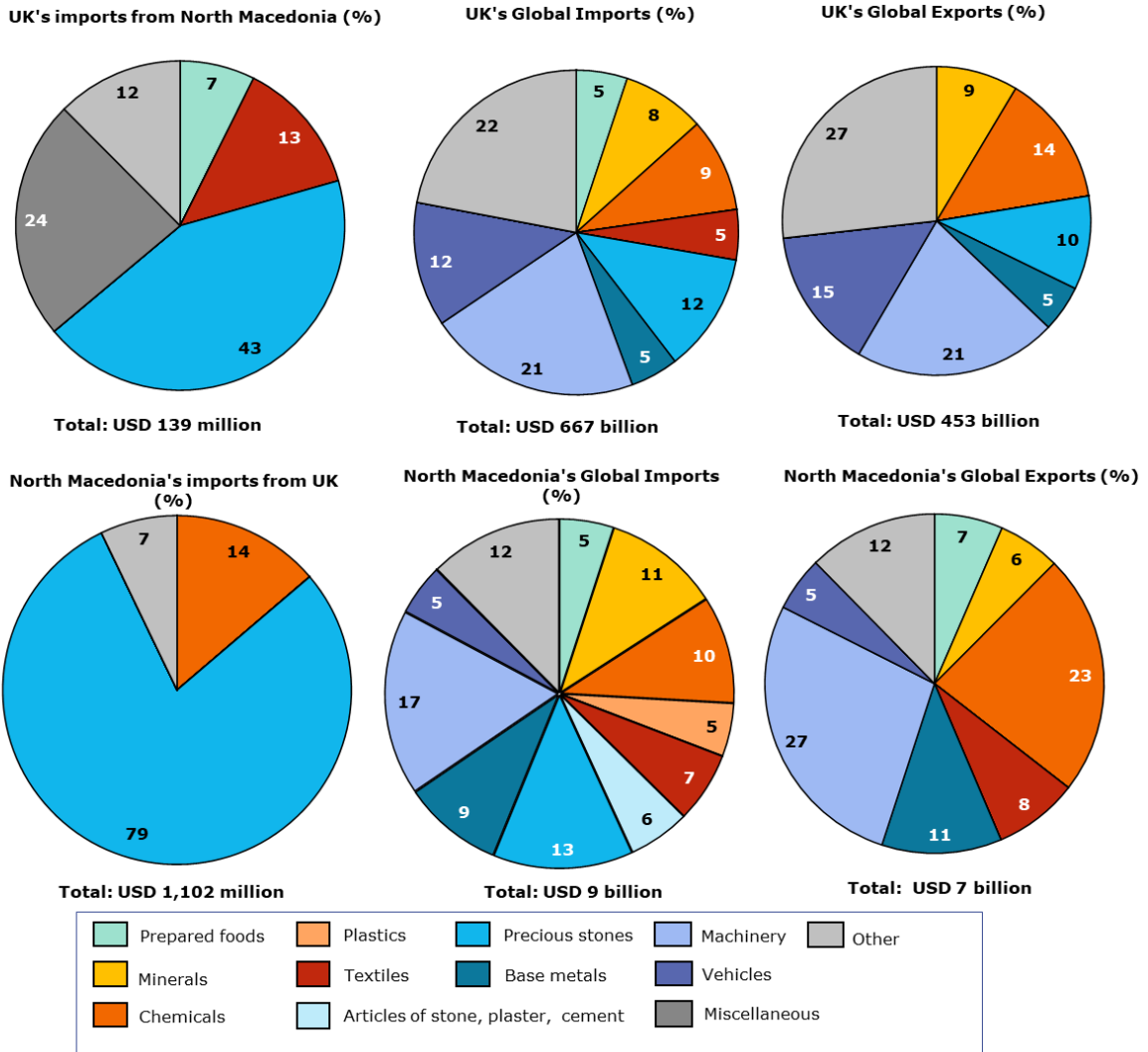


Exchange rates: from GBP to USD: 0.75 (2018), 0.78 (2019), 0.78 (2020).

Source: Based on data provided by the Parties and from UNSD Comtrade database.

1.5. The structure of trade in commodities between the UK and North Macedonia, as well as both Parties' global trade in the period 2018-20, are shown in Chart 1.2 based on the Harmonized System (HS) Sections. Of the UK's four major global exports (machinery, vehicles, chemicals and precious stones and metals) which accounted for 60% of its exports, only precious stones and metals were major imports by North Macedonia, accounting for 79% of its imports from the UK. Of North Macedonia's four largest export products (machinery, chemicals, base metals and textiles) which accounted for 69% of its exports, only textiles were significant imports by the UK (13%) with precious stones and metals accounting for 43% of the UK's imports from North Macedonia.

**Chart 1.2 United Kingdom-North Macedonia: Product composition of merchandise trade by HS Section, annual average (2018-2020)**



Exchange rates: from GBP to USD: 0.75 (2018), 0.78 (2019), 0.78 (2020).

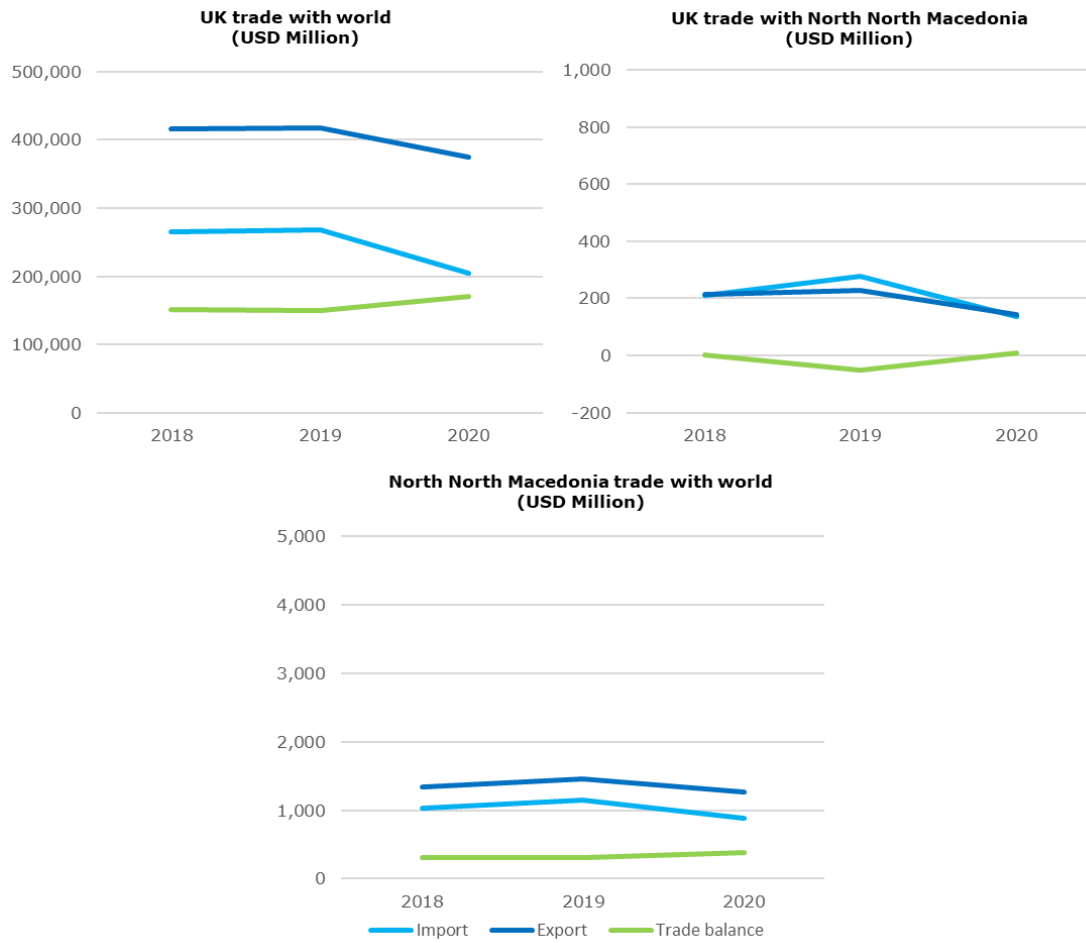
Source: Based on data provided by the Parties and the WTO-IDB.

## 1.2 Trade in services and investment

1.6. Charts 1.3 and 1.4 show the Parties' trade in services for 2018-20, both with the world and bilaterally. For trade with the world, the UK continuously recorded a trade surplus as its exports far exceeded its imports. The main exports categories during the period were financial services; travel; and transport. Its main imports were travel, transport, and financial services. Both imports and exports of services fell in 2020. North Macedonia recorded a stable trade surplus with the world during the period 2018-20. Services exports were dominated by transport; travel; and manufacturing services while the main imports were transport; travel; and telecommunications.

1.7. Bilaterally, trade in services between the Parties was balanced in 2018 and 2020, with the UK registering a small surplus of respectively 3 and 8 USD million. In 2019 North Macedonia recorded a surplus of USD 50 million.

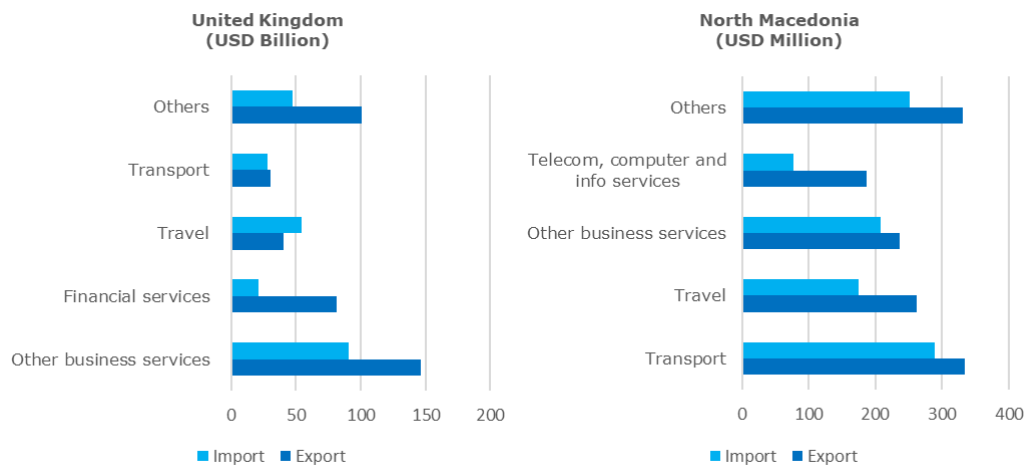
**Chart 1.3 United Kingdom-North Macedonia: Trade in commercial services, 2018-2020**



Exchange rates: GBP to USD: 0.75 (2018), 0.78 (2019), 0.78 (2020); Euro to USD: 2018 (0.85), 2019 (0.89), 2020 (0.88).

Source: Based on data provided by the Parties. North Macedonia data was submitted in Euro.

**Chart 1.4 United Kingdom-North Macedonia: Top commercial services trade with world, by category (average 2018-2020)**

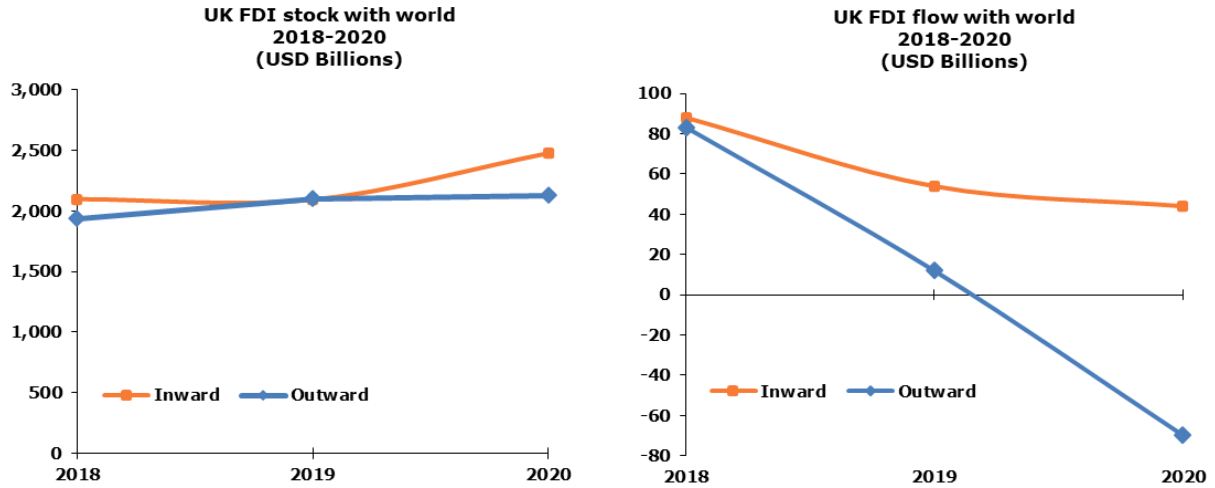


Exchange rates: GBP to USD: 0.75 (2018), 0.78 (2019), 0.78 (2020); Euro to USD: 2018 (0.85), 2019 (0.89), 2020 (0.88).

Source: Based on data provided by the Parties.

1.8. Chart 1.5 sets out the UK inward and outward foreign direct investment (FDI) stocks and flows in the period 2018-20 with the world. The UK was a net recipient of FDI with outward flows declining significantly more than inward flows during this period.

**Chart 1.5 United Kingdom: FDI stock and flow with world, 2018-2020**



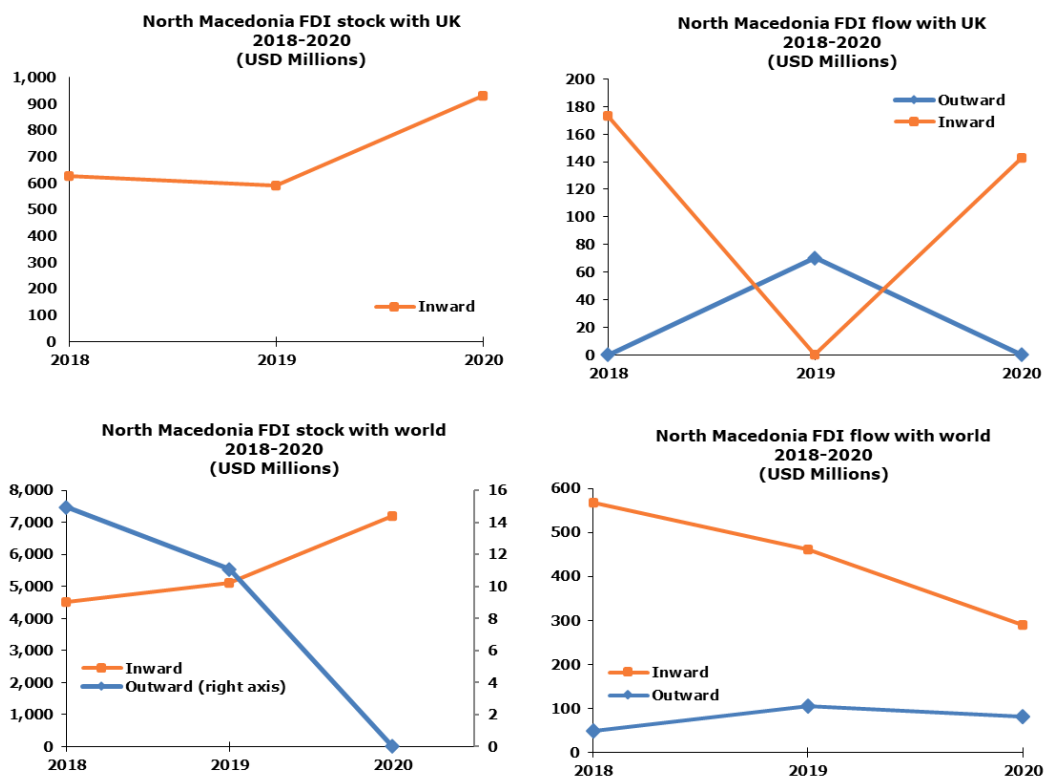
Note: FDI presented on a directional basis.  
Exchange rate GBP per USD are: 0.75 (2018), 0.78 (2019) and 0.78 (2020).

Please note that FDI data for 2020 has been affected by changes in sampling methodology. Therefore, while this will mean 2020 data are more representative of UK FDI with overseas partners, some caution should be taken when comparing 2020 data to previous years. Methodology changes have led to an increase in reported FDI, particularly inward FDI, in 2020. The effect of this methodology change will vary between partners, although it is not possible to quantify the specific impact for individual partners.

Source: UK authorities.

1.9. Chart 1.6 shows a positive trend in inward FDI stocks in North Macedonia from both the world and the UK. Outward global FDI flows increased marginally between 2018 and 2020, while inward flows fell during this period. With partially available bilateral data, FDI stock from the UK depleted during 2018-2020, going from above 600 USD million to zero.



**Chart 1.6: North Macedonia: FDI stock and flow with the United Kingdom and world, 2018-2020**

Note: Exchange rates: Euro to USD: 2018 (0.85), 2019 (0.89), 2020 (0.88).  
 No bilateral outward stock for 2018-2020.  
 No bilateral inward flow for 2019 and no bilateral outward flow for 2018 and 2020.  
 No outward global FDI stock for 2020.

Source: Authorities of North Macedonia.

## 2 CHARACTERISTIC ELEMENTS OF THE AGREEMENT

### 2.1 Background information

2.1. The Agreement was signed on 3 December 2020 and entered into force on 1 January 2021. It was notified to the WTO on 31 December 2020 under Article XXIV:7(a) of the GATT 1994 and under Article V:7(a) of the GATS (see WTO document WT/REG438/N/1).

2.2. Article 6 clarifies that the Agreement applies, in respect to the UK, to the UK and the territories for whose international relations it is responsible, namely Gibraltar and the Channels Islands and the Isle of Man.

2.3. The text of the Agreement, together with its annexes, which form an integral part of the Agreement, is available on the Parties' official websites:

#### United Kingdom:

<https://www.gov.uk/government/publications/uknorth-macedonia-partnership-trade-and-cooperation-agreement-cs-north-macedonia-no12020>

#### North Macedonia:

[https://www.economy.gov.mk/content/documents/Pravilnici/SPOGODBA\\_11754996.pdf](https://www.economy.gov.mk/content/documents/Pravilnici/SPOGODBA_11754996.pdf)<sup>4</sup>

<sup>4</sup> The text of the Protocol is in North Macedonian.

2.4. The Agreement's objective is to preserve the preferential conditions relating to trade between the Parties which resulted from the EU-North Macedonia Agreement, to which the UK was a party. The Agreement is a short agreement of 12 Articles and 3 principal Annexes that incorporates the provisions of the EU-North Macedonia Agreement as modified. With regard to implementation, unless provided for otherwise, if a time period under the EU-North Macedonia Agreement has not ended the remainder of the period shall be incorporated into the Agreement. If a time period has ended any ongoing right or obligation between the Parties shall apply (Article 7). The structure of the Agreement and that of the EU-North Macedonia Agreement is summarized in Box 2.1 below.

### Box 2.1 Structure of the Agreement

Articles	Titles
Preamble	
Article 1	Objectives
Article 2	Definitions and interpretation
Article 3	Incorporation of the EU-North Macedonia Agreement
Article 4	References to European Union law
Article 5	References to the euro
Article 6	Territorial application
Article 7	Continuation of time periods
Article 8	Tariff quotas
Article 9	Further provisions in relation to the Partnership, Trade and Cooperation Council and the Partnership, Trade and Cooperation Committee
Article 10	Integral parts of the Agreement
Article 11	Amendments
Article 12	Entry into force and provisional application
<i>Annexes</i>	
Annex I	Amendments to the incorporated agreement (See box 2.2 below).
Annex II	Amendments to Protocol 4 of the EU-North Macedonia Agreement concerning the definition of the concept of 'originating products' and methods of administrative cooperation
<i>Annex IIA</i>	List referred to in Articles 3(2) and 4(2) of Protocol 4 of the EU-North Macedonia Agreement
<i>Annex IIB</i>	Joint Declaration concerning the Principality of Andorra
<i>Annex IIC</i>	Joint Declaration concerning the Republic of San Marino
Annex III	Additional preferential arrangements granted on a temporary basis by the United Kingdom to North Macedonia for certain agricultural and wine products
<i>Appendix to Annex III</i>	Table of preferential arrangements for wine

Source: WTO Secretariat based on the Agreement.

2.5. Box 2.2 gives an overview of the modifications to the incorporated Agreement as set out in Annexes I and II to the Agreement.

**Box 2.2 Overview of the modifications to the EU-North Macedonia Agreement.**

<b>Titles</b>	<b>Description</b>	<b>Provisions of the EU-North Macedonia Agreement modified by the Agreement</b>
<b>Preamble</b>		Article 1.2 modified.
Title I	General principles	Article 3 modified.
Title II	Political dialogue	Articles 7, 9, 10 modified.
Title III	Regional cooperation	Article 11 modified. Articles 12-14 not incorporated.
Title IV	Free movement of goods	
<i>Chapter I</i>	Industrial Products	Article 16 modified.
	-> Annexes I and II (related to Article 18)	
<i>Chapter 2</i>	Agriculture and Fisheries	Articles 27.1, 27.2, and 29.1 modified
	-> Annexes III to IV(c) (related to Article 27)	Annexes IV(b) and IV(c) replaced.
	-> Annexes V(a) and V(b) (related to Article 28)	Annex V (b) <sup>5</sup> replaced.
<i>Chapter 3</i>	Common provisions	Articles 35.3 modified. Article 43 not incorporated.
Title V	Movement of workers, establishment, supply of services, capital	
<i>Chapter I</i>	Movement of workers	Article 45.1 not incorporated. Article 46 modified.
<i>Chapter II</i>	Establishment	Article 48 modified.
<i>Chapter III</i>	Supply of services	Articles 55, 56, and 57 modified.
<i>Chapter IV</i>	Current payments and movement of capital	Article 60 not incorporated.
<i>Chapter V</i>	General provisions	New Article 67A.
	-> Annex VI Establishment: 'Financial services' (referred to in Title V, Chapter II, Articles 47 and 49)	
Title VI	Approximation of laws and law enforcement	Articles 68, 69.2, 71.2, 73.1 not incorporated. Articles 69.4, 70, 71.3, 72.2, 72.3, 73.2 modified.
	-> Annex VII Intellectual, industrial and commercial property rights (referred to in Article 71)	Paragraph 3 not incorporated.
Title VII	Justice and home affairs	Articles 76.2, 77.2, 79 modified. Article 76.3 not incorporated.
Title VIII	Cooperation policies	Articles 81.3, 82.1, 82.2, 82.3, 83.1, 83.2, 88.1, 90.4, 94, 95, 96, 97, 98.1, 98.2, 100, 103.2, 103.4 modified. Articles 91.2, 92.3 not incorporated.
Title IX	Financial cooperation	Article 104 modified. Articles 105-107 not incorporated.
Title X	Institutional, general and final provisions	Articles 109.1, 110, 113, 114, 121, 124 modified. Articles 109.5, 123, 125 not incorporated.

<sup>5</sup> Referred to as "Annex V(c)" under the Agreement with modifications set out in paragraph 14 of Annex I.

<b>Titles</b>	<b>Description</b>	<b>Provisions of the EU-North Macedonia Agreement modified by the Agreement</b>
<b>Protocols</b>		
Protocol 1	Textile and clothing products	Article 2.2 modified. Article 3 and Annex I (Customs duties referred to in Article 2(2)) to Protocol 1 not incorporated.
Protocol 2	Steel products	Articles 3, 5.4, 5.5 modified. Article 5.2 not incorporated.
Protocol 3	Trade in processed agricultural products	Annex II <sup>6</sup> to Protocol 3 replaced by "Duties applicable to goods originating in the United Kingdom on import into the Republic of North Macedonia (Zero-duty tariff within tariff quotas)" and "Duties applicable to goods originating in the United Kingdom on import into the Republic of North (Concessions within tariff quotas)".
Protocol 4	Concerning the definition of the concept of 'originating products' and methods of administrative co-operation	Replaced by Annex II to the Agreement.
Protocol 5	Mutual administrative assistance in customs matters	Articles 10.2, 13.1, 14.1, 14.2 modified.
Additional protocol	Adjusting the trade aspects of the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the former Yugoslav Republic of Macedonia, of the other part, to take account of the outcome of the negotiations between the parties on reciprocal preferential concessions for certain wines, the reciprocal recognition, protection and control of wine names and the reciprocal recognition, protection and control of designations for spirits and aromatised drinks	Modifications to Annex I.
<b>Joint declarations</b>		
	Joint Declaration concerning Article 34 of the Agreement	Not incorporated.
	Joint Declaration concerning Article 40 of the Agreement	Not incorporated.
	Joint Declaration concerning Article 44 of the Agreement	Not incorporated.
	Joint Declaration concerning Article 46 of the Agreement	Not incorporated.
	Joint Declaration concerning Article 57 of the Agreement	Not incorporated.
	Joint Declaration concerning Article 71 of the Agreement	
	Joint Declaration concerning Article 118 of the Agreement	

Source: WTO Secretariat based on the Agreement.

<sup>6</sup> Referred to as "Annex III" under paragraph 18 of Annex I to the Agreement.

2.6. The Agreement incorporates without modifications Article 5 of the EU-North Macedonia Agreement that clarifies the association stages between the Parties. As under the incorporated Agreement, association shall be fully realized over a transition period of ten years divided into two successive stages<sup>7</sup>:

- First stage: four years from the entry into force the Agreement. The focus is on progressive implementation of the provisions on regional cooperation, movement of workers, establishment, supply of services, capital, justice and home affairs (Titles III, V, and VII, respectively);
- Second stage and its duration: shall be decided by the Partnership, Trade and Cooperation Council based on regular evaluation of the progress made by North Macedonia under the first stage. According to the Parties the Council has not evaluated this.

2.7. Under incorporated Article 6, the Agreement shall be fully compatible with the relevant WTO provisions, in particular Article XXIV of the GATT 1994 and Article V of the GATS.

### 3 PROVISIONS ON TRADE IN GOODS

#### 3.1 Import duties and charges, and quantitative restrictions

##### 3.1.1 General provisions

3.1. The Parties apply the Combined Nomenclature to classify goods.<sup>8</sup> Article 32, as incorporated under the Agreement, provides that no new customs duties or quantitative restrictions on imports or exports or measure having equivalent effect shall be introduced nor shall be increased from the date of entry into force of the Agreement. As per the incorporated Agreement, all quantitative restrictions and measures having equivalent effect on imports of agricultural and fishery products from both Parties are abolished (Article 26).

##### 3.1.2 Liberalization of trade and tariff lines

3.2. No change was made to the incorporated Agreement's provisions on import duties and charges, and quantitative restrictions on industrial products. Quantitative restrictions and measures having equivalent effect imposed on both Parties' imports of products originating in the other Party shall be abolished (Articles 17.2 and 18.4). Customs duties on imports originating in North Macedonia into the UK had been abolished when the incorporated Agreement entered into force, while customs duties imposed by North Macedonia had been progressively reduced and eliminated 10 years after the entry into force of the incorporated Agreement, or 2011.

3.3. Under Article 27 of the incorporated Agreement, customs duties and charges having equivalent effect on import of agricultural products originating in North Macedonia are abolished, other than those of headings 0102, 0201, 0202 and 2204 of the Combined Nomenclature. The Agreement modifies the provisions applied to 'baby-beef' products imported from North Macedonia by the UK (heading 0102 and 0201).<sup>9</sup> For products under Chapters 7 and 8 with mixed rates of duty both the *ad valorem* and specific rates of duty are temporarily eliminated for a period of five years, i.e. up to 2026 (in comparison with the EU-North Macedonia Agreement which eliminates only the *ad valorem* part of the duty) (Article 1 of Annex IIA).<sup>10</sup> Annex IIA also temporarily suspends customs duties within the limits of tariff rate quotas (TRQs) provided by the UK for certain wine products originating in North Macedonia (Table A2.1 provides details on TRQs applied by the UK under the Agreement). Upon the expiry of the five years the preferential arrangements for these products shall revert to those provided for by the Agreement. The UK may, with six months prior written notice to North

<sup>7</sup> As noted by North Macedonia, association stage is relevant for its accession process to the EU and is not incorporated into the Agreement.

<sup>8</sup> European Commission, *The Combined Nomenclature*. Viewed at: [https://ec.europa.eu/taxation\\_customs/business/calculation-customs-duties/customs-tariff/combined-nomenclature\\_en](https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/customs-tariff/combined-nomenclature_en)

<sup>9</sup> Paragraph 5(c) of Annex I to the UK-North Macedonia Agreement.

<sup>10</sup> Edible vegetables and certain roots and tubers; and edible fruits and nuts, peel of citrus fruit or melons.

Macedonia (or any other period agreed by the Parties), extend the duration of Annex IIA for a period deemed appropriate.

3.4. The Agreement does not incorporate Annex I of the Protocol 1 on textile and clothing products that provided for exemptions on the immediate elimination of customs duties for products imported into North Macedonia. Similarly, Protocol 2 on steel products of the incorporated Agreement was modified so that customs duties by North Macedonia are abolished on the date of entry into force of the Agreement (instead of progressive elimination under the EU-North Macedonia Agreement).

### 3.1.3 Liberalization schedule

3.5. The provisions governing the liberalization schedule agreed by the Parties in the EU-North Macedonia Agreement distinguish between less sensitive industrial goods, sensitive industrial goods, agricultural goods, and fish and fishery products, under different timeframes. All transition periods ended, and tariff liberalization was fully implemented before the UK-North Macedonia Agreement entered into force.

3.6. Customs duties were terminated by the UK upon entry into force of the incorporated Agreement on industrial, agricultural (except those under Section 3.1.3.1 below) and fish and fisheries products (other than those in Annex V(a)<sup>11</sup>); and progressively on industrial goods imported by North Macedonia listed in Annexes I and II of the incorporated Agreement over 10 years (thus, 2011). No new timeframe for further liberalization was provided for imports into North Macedonia of agricultural products listed in Annexes IV(b) and IV(c), replaced under the Agreement by fixed applicable duties.

#### 3.1.3.1 United Kingdom

3.7. The UK's applied tariff in 2021 consisted of 9,494 tariff lines at the eight-digit level. 90.7% of tariffs had *ad valorem* duties, followed by specific duties for 6.82%, compound rates for 2.42% and mixed duties for 0.04% of the tariff. A comparison between tariff elimination commitments by the UK under the Agreement and the corresponding MFN tariffs applicable is shown in Table 3.1.

3.8. In 2021, the UK applied duty-free tariffs on an MFN basis on 4,462 lines, representing 47% of its tariff, and corresponding to 54.3% of its imports from North Macedonia during the period 2018-20. Under the UK-North Macedonia Agreement, an additional 4,817 lines were duty-free for imports from North Macedonia in 2021. Thus, 97.7% of the UK's tariff is duty-free, corresponding to 99.9% of its imports from North Macedonia. 215 tariff lines (2.3% of the tariff), under which 0.1% of imports entered during 2018-20, remain dutiable. In comparison, 252 tariff lines of the EU remain dutiable for imports from North Macedonia in 2021, representing 2.7% of imports from North Macedonia into the EU.

**Table 3.1 United Kingdom: Tariff elimination commitments under the Agreement and corresponding average trade**

Duty phase-out period	Tariff lines in UK's tariff schedule		UK's imports from North Macedonia (2018-20) <sup>a</sup>	
	Number	%	Value (USD million) <sup>b</sup>	%
2021 (MFN)	4,462	47.0	75.4	54.3
2021	4,817	50.7	63.1	45.6
Remain dutiable	215	2.3	0.2	0.1
<b>Total</b>	<b>9,494</b>	<b>100.0</b>	<b>138.7</b>	<b>100.0</b>

a Import coverage is for HS chapters 1-97.

b The import values were reported in GBP and converted into USD using the exchange rates of 0.749531540259847(2018), 0.783445110011929 (2019) and 0.779999576697153 (2020).

Note: Tariff lines subject to in-quota rates are excluded in the computation.  
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by UK.

<sup>11</sup> As reported by the Parties, products listed in the incorporated Annex V(a) of the EU-North Macedonia Agreement are still subject to the customs duties provided for in "Year 3" when imported to the UK from North Macedonia.

3.9. Table 3.2 illustrates the UK's tariff elimination by HS Section under the Agreement. The 215 lines excluded from tariff elimination are found in HS Sections I (live animals and animal products) and IV (prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes). The Sections correspond to HS Chapters 1-3, 17, and 22 (Chart 3.1). With the exception of Chapter 3 (fish and crustacean products), for which the average preferential rate applied to imports from North Macedonia is half the MFN rate (5.4% compared to 10.6%) no further preferences are provided for the other Chapters (1, 2, 17 and 22) in which duties remain in force; average tariff rates for these chapters range from 10-30%.<sup>12</sup>

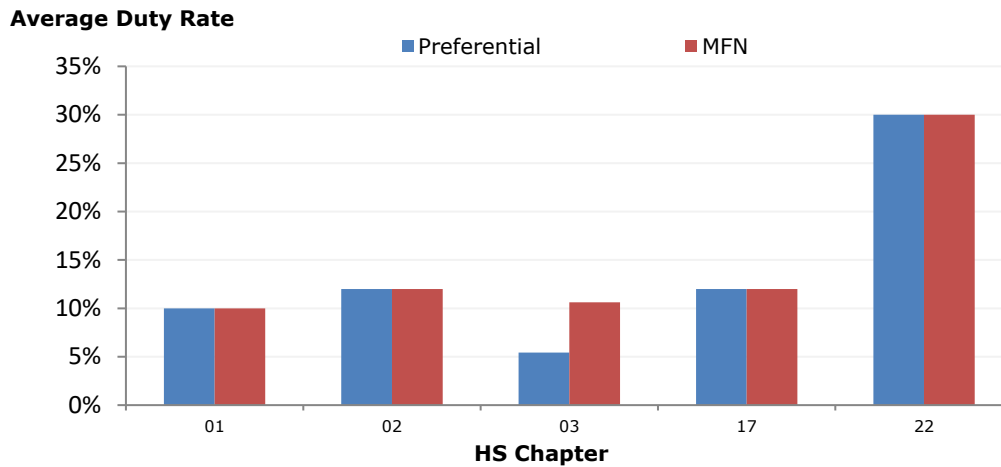
**Table 3.2 United Kingdom: Tariff elimination under the Agreement, by HS Section**

HS Section	MFN 2021			Duty Free Lines under the Agreement (2021)	Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty-free lines			
I	8.9	956	109	788	59	8.0
II	4.4	554	213	341		
III	4.8	129	30	99		
IV	12.9	869	119	594	156	23.3
V	0.4	231	202	29		
VI	2.7	1,226	550	676		
VII	3.7	301	86	215		
VIII	1.4	130	73	57		
IX	1.1	235	189	46		
X	0.0	195	195			
XI	7.0	1,149	243	906		
XII	7.3	106	17	89		
XIII	2.0	234	162	72		
XIV	0.5	58	47	11		
XV	0.6	955	804	151		
XVI	0.7	1,338	981	357		
XVII	3.7	286	121	165		
XVIII	0.6	299	218	81		
XIX	1.4	22	7	15		
XX	1.4	214	89	125		
XXI	0.0	7	7			
<b>Total</b>	<b>3.8</b>	<b>9,494</b>	<b>4,462</b>	<b>4,817</b>	<b>215</b>	<b>9.8</b>

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are excluded, and the *ad valorem* part of alternate rates are included. For the tariff lines subject to seasonal duties, the average rate for the entire year is used for the calculation. The products classified beyond the HS 8-digit level are counted once and their tariff rates are averaged to the 8-digit level.

Source: WTO estimates based on data provided by the UK.

<sup>12</sup> For lines excluded from tariff liberalization under the Agreement, the MFN rate has been used to calculate average duties on trade between the Parties.

**Chart 3.1 United Kingdom: Average of dutiable rates, by HS Chapter**

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are excluded, and the *ad valorem* part of alternate rates are included. For the tariff lines subject to seasonal duties, the average rate for the entire year is used for the calculation. The products classified beyond the HS 8-digit level are counted once and their tariff rates are averaged to the 8-digit level.

Source: WTO estimates based on data provided by the UK.

### 3.1.3.2 North Macedonia

3.10. North Macedonia's applied tariffs in 2021 consisted of a total of 9,892 lines at the 10-digit level. 96.8% of the tariff were subject to were *ad valorem* rates, followed by 3.14% with mixed duties and 0.02% with compound rates.

3.11. Table 3.3 shows a comparison between tariff elimination commitments by North Macedonia under the Agreement and its corresponding MFN applied tariffs. In 2021 3,953 lines in North Macedonia's tariff were duty free on an MFN basis corresponding to 81.9% of its total imports from the UK during the period 2018-20. Under the Agreement, an additional 4,994 lines were duty-free in 2021. 945 lines (9.6% of the tariff) remained dutiable, under which 0.1% of imports from North Macedonia entered the UK.

**Table 3.3 North Macedonia: Tariff elimination commitments under the Agreement and corresponding average trade**

Duty phase-out period	Number of lines	% of total lines in North Macedonia's tariff schedule	Value of North Macedonia's imports from the UK (2018-2020) <sup>a</sup> USD million	% of North Macedonia's total imports from the UK (2018-2020)
2021 (MFN)	3,953	40.0	781,852.4	81.9
2021	4,994	50.5	171,826.0	18.0
Remain Dutiable	945	9.6	480.7	0.1
<b>Total</b>	<b>9,892</b>	<b>100.0</b>	<b>954,159.1</b>	<b>100.0</b>

a Import coverage is from HS chapters 1-97.

Note: Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by North Macedonia authorities and the WTO-IDB.



3.12. North Macedonia's tariff elimination under the Agreement is detailed in Table 3.4. The 945 lines excluded from tariff elimination are agricultural products in HS Sections I (live animals and animal products), II (vegetable products), III (animal and vegetable fats and oils, etc.), IV (prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes), and one line in Section VI (products of the chemicals and allied industries). The vast majority are concentrated in Section IV. Average dutiable tariff range between 2.0% for Section VI to 37.8% for Section II. While tariffs remain for a number of Chapters (1-4, 7-12, 15-22, 23 and 35), they are lower for imports from the UK than MFN rates for half of the 20 Chapters for which tariffs remain (Chart 3.2). Tariff rates remaining for imports from the UK range from 2% for Chapter 35 (albuminoidal substances, modified starches, glues and enzymes) to 55% for Chapter 11 covering products of the milling industry; malt; starches; inulin; wheat gluten.<sup>13</sup>

**Table 3.4 North Macedonia: Tariff elimination under the Agreement, by HS Section**

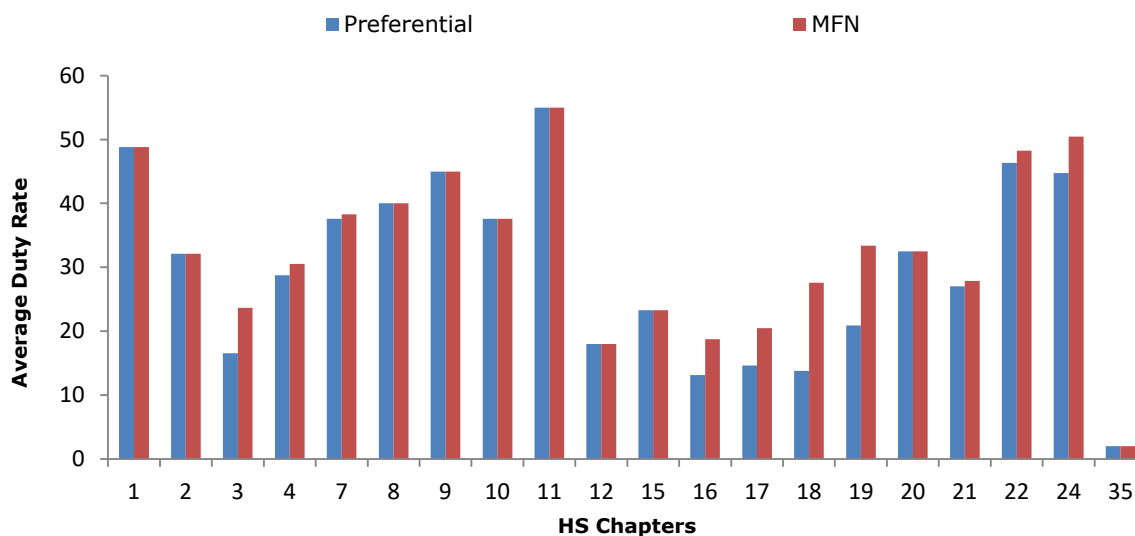
HS Section	MFN Average %	Number of lines	Duty-free lines under the MFN 2021	Number of duty-free lines under the Agreement	Remain dutiable	Avg. Final Tariff (Dutiable)
				2021		
I	9.9	969	472	302	195	27.7
II	15.3	594	180	266	148	37.8
III	3.2	129	94	25	10	23.3
IV	24.2	928	193	144	591	32.5
V	5.7	232	89	143		
VI	2.7	1,325	647	677	1	2.0
VII	4.7	328	98	230		
VIII	10.0	133	17	116		
IX	2.9	240	184	56		
X	1.6	201	172	29		
XI	10.5	1,149	239	910		
XII	20.4	109		109		
XIII	11.0	248	10	238		
XIV	10.3	60	9	51		
XV	4.0	967	587	380		
XVI	5.5	1,416	668	748		
XVII	6.4	302	70	232		
XVIII	3.3	306	169	137		
XIX	20.1	22		22		
XX	9.3	227	55	172		
XXI	7.0	7		7		
<b>Total</b>	<b>8.6</b>	<b>9,892</b>	<b>3,953</b>	<b>4,994</b>	<b>945</b>	<b>32.2</b>

- contains specific rates only.

Note: For the tariff lines subject to TRQs only the out-of-quota duty is included in the tariff-related calculations and for the calculation of averages, specific rates are excluded. Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by North Macedonia's authorities.

<sup>13</sup> For lines excluded from tariff liberalization under the Agreement, the MFN rate has been used to calculate average duties on trade between the Parties.

**Chart 3.2 North Macedonia: Average of dutiable rates, by HS Chapter**

Note: Based on the HS 2017 nomenclature.  
Tariff lines subject to in-quota rates are excluded in the computation.

Source: WTO estimates based on data provided by North Macedonia.

### 3.1.4 Tariff rate quotas

3.13. Some of the market access commitments by the Parties are in the form of tariff rate quotas (TRQs). Under modifications to Annex IV(b), the Parties indicate that the tariff quota volumes in the Agreement were resized to 13.62% of the corresponding quota volumes in the EU-North Macedonia Agreement in effect when it ceased to apply to the UK. Imports of some agricultural products and fish and fisheries products originating in the UK are subject to zero-duty tariff within TRQs in North Macedonia (Annexes IV(b), IV(c) and V(b)<sup>14</sup> of the incorporated Agreement, as modified under the Agreement). For processed agricultural goods, TRQs under Protocol 3, as modified, apply (See Table A2.1 for further details on TRQs).

3.14. Under the Additional Protocol on certain wines, wines names, spirits and aromatised drinks, as incorporated, both Parties grant preferential zero-duty treatment within TRQs, on condition that no subsidies shall be paid on exports of these quantities by the other Party. TRQs for certain wines are laid out in Annex I of the incorporated Additional Protocol, as modified under Annex I of the Agreement.

3.15. Annex 2 of the factual presentation sets out both Parties' TRQs under the Agreement. The UK scheduled TRQs on products from HS Chapters 01, 02, 17 and 22. North Macedonia's products subject to TRQs are under HS Chapters 02, 03, 04, 07, 15, 16, 17, 18, 19, 20, 21, 22, and 24.

## 3.2 Rules of origin

3.16. Annex II of the Agreement replaces Protocol 4 of the EU-North Macedonia Agreement concerning the definition of 'originating products' and methods of administrative cooperation. Products originating in the territories of Ceuta and Melilla are not considered to be products originating in the EU for the purposes of this Protocol (Article 38). Annex B on the Principality of Andorra confirms that products originating in the Principality of Andorra, meeting the conditions of Articles 3(7)(b)(ii) and 4(5)(b)(ii) of the Protocol 4, and falling within Chapters 25-97 of the Harmonized System shall be accepted by the Parties as originating in the EU. Annex C applies corresponding provisions concerning the Republic of San Marino, excluding the limitation to Chapters 25-97 of the Harmonized System.

<sup>14</sup> Referred to as "Annex V(c)" in paragraph 14 of Annex I to the UK-North Macedonia Agreement.

3.17. A product qualifies as originating when it:

- a. is wholly obtained in a Party as defined in Article 5 of Protocol 4; or
- b. is obtained in a Party, incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in a Party, within the meaning of Article 6 of Protocol 4. Accordingly, products which are not wholly obtained shall be considered as sufficiently worked or processed when they meet the conditions set out in incorporated Annex II to Protocol 4.

3.18. The Protocol incorporates Annexes I to IV(b) of Appendix I to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin into the Agreement, with some modifications. With regard to cumulation of materials, products shall be considered as originating in one of the Parties if they are obtained there, incorporating materials originating in the other Party, Switzerland (including Liechtenstein), Iceland, Norway, Türkiye, the European Union, or countries referred to in Annex A of the Protocol, provided that the working or processing carried out in the Party goes beyond the operations referred to in Article 7. When this latter condition is not met, products shall be considered as originating in the Party only where the value added there is greater than the value of the materials used that are originating in any of the other countries. If this is not so, the product obtained is considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Party. Working or processing carried out in Iceland, Norway, or the European Union is considered as having been carried out in the UK when the products obtained undergo sufficient working or processing in the UK that goes beyond the operations referred to in Article 7. Cumulation of EU content will be applied provided that the UK, North Macedonia and the EU have arrangements on administrative cooperation ensuring the correct implementation of Articles 3 and 4 of Protocol 4, respectively. The Parties indicate that such conditions have been met.<sup>15</sup> Further requirements include materials and products having acquired originating status by the application of rules of origin that are identical to those in the Protocol as well as notices indicating the fulfilment of the necessary requirements to apply cumulation having been published by the Parties. If certain conditions are not met, cumulation of origin for certain products listed in Article 37 of Protocol 4<sup>16</sup> to the Agreement is permitted only with the EU.<sup>17</sup>

3.19. Provisions governing wholly obtained products, sufficiently worked or processed products and insufficient working or processing are similar to those in the incorporated Agreement. The absorption principle granting originating status to a non-originating material by virtue of being incorporated in a product with originating status, as well as a tolerance provision for non-originating materials of up to 10% of the ex-works price of a product, are maintained.<sup>18</sup>

3.20. One of the changes to Protocol 4 of the EU-North Macedonia Agreement is in the provisions on the Principle of Territoriality (Article 12): the origin status of a product is not affected by working or processing done outside the UK or North Macedonia on materials exported from the UK or North Macedonia and subsequently re-imported there, provided that (i) the materials are wholly obtained in the UK or North Macedonia or have undergone working or processing beyond the operations referred to in Article 7 prior to being exported, and (ii) it can be demonstrated that the re-imported goods have been obtained by working or processing the exported materials and the total added value outside the UK or North Macedonia does not exceed 10% of the ex-works price of the end product.

3.21. Authorization of approved exporters is permitted by the Agreement (Article 23 of Protocol 4) as in the incorporated Agreement.

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<sup>15</sup> The UK's notice of fulfilment of cumulation with trading partners (updated to 13 October 2022) is available at: <https://www.gov.uk/government/publications/notice-of-fulfilment-from-the-united-kingdom-on-cumulation-with-trading-partners-december-2020/notice-of-fulfilment-from-the-united-kingdom-on-cumulation-with-trading-partners-31-december-2020>.

<sup>16</sup> As set out in Annex II to the UK-North Macedonia Agreement.

<sup>17</sup> The products include certain sugar confectionary, chocolate, cocoa powder, malt extract and preparations based on coffee or tea (under HS Chapters 17, 18, 19, 21 and 33).

<sup>18</sup> The tolerance level for textiles and clothing is up to 10% of the total weight of all the basic textiles materials used.

3.22. With regard to administrative cooperation (Title VI of Protocol 4), as under Protocol 4 of the EU-North Macedonia Agreement, except in exceptional circumstances, Article 33(6) permits the denial of preferential treatment if there is no response to a request for verification of proof of origin within 10 months of the request, in cases of reasonable doubt. Any disputes which cannot be resolved between the customs authorities requesting a verification and customs authorities responsible for the verification shall be submitted to the Partnership, Trade and Cooperation Council.

### **3.3 Export duties and charges, and quantitative restrictions**

3.23. The Agreement incorporates the provisions of Article 20 of the incorporated Agreement on export duties and charges. Both Parties shall abolish any customs duties on exports and charges having equivalent effect, as well as abolish between themselves any quantitative restrictions on exports and measures having equivalent effect. Article 38 permits exceptional measures in cases of critical shortage, or threat thereof, of foodstuffs or other essential products, or where the situation gives rise to major difficulties for one of the exporting Parties. Additionally, the Agreement shall not preclude prohibitions or restrictions on exports of goods in transit justified on grounds of public morality, public policy or public security (Article 41).

### **3.4 Regulatory provisions on trade in goods**

#### **3.4.1 Standards**

##### **3.4.1.1 Sanitary and phytosanitary measures**

3.24. There is no provision on Sanitary and Phytosanitary measures in the Agreement. Article 9(p) of Annex I of the Agreement specifies that the provisions of Article 100 of the incorporated Agreement on the gradual harmonization of veterinary and phytosanitary legislation with EU standards are not included.

##### **3.4.1.2 Technical barriers to trade**

3.25. Article 73 of the incorporated Agreement is modified under the Agreement. Provisions on the necessity for both Parties to promote and gradually achieve conformity with EU technical regulations and EU standardisation, metrology, accreditation, and conformity assessments are removed. Article 73.2 maintains that the Parties shall seek to foster the development of quality infrastructure<sup>19</sup> on standardisation, metrology, accreditation, and conformity assessment, and promote participation in the work of specialised European organisations.<sup>20</sup>

#### **3.4.2 Safeguard mechanisms**

##### **3.4.2.1 Global safeguards**

3.26. There are no specific references to global safeguards.

##### **3.4.2.2 Bilateral safeguards**

3.27. The Agreement incorporates the provisions of Article 37 of the EU-North Macedonia Agreement on a general safeguard clause with no modification. The importing Party may take appropriate measures where any product of the other Party is being imported in such increased quantities and under such conditions as to cause or threaten to cause (i) serious injury to the domestic industry of like or directly competitive products, or (ii) serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation

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<sup>19</sup> As clarified by the UK, this means aiding the partner country to improve its framework to implement standardisation, metrology, accreditation and conformity assessment. According to North Macedonia, this provision refers to "respecting Agreement on technical regulation within the WTO and developments within (CEN, CENELEC, ETSI, EA, WELMEC, EUROMED, etc.) to the extent that both Parties are either full associates or affiliates".

<sup>20</sup> These are CEN (European Committee for Standardization), CENELEC (European Electrotechnical Committee for Standardization), ETSI (European Telecommunications Standards Institute), EA (European Co-operation for Accreditation), WELMEC (European Co-Operation in Legal Metrology), EUROMED (Euro-Mediterranean Partnership), etc.

of a region of the importing Party. The measures shall not exceed what is necessary to remedy the difficulties which have arisen, and priority must be given to measures which least disturb the functioning of the Agreement. They shall not be taken for more than one year, or three years in very exceptional circumstances. For a period of at least three years after the expiration of a measure, no safeguard measure shall be applied to the import of the same product. Forthwith precautionary measures can be applied in exceptional and critical circumstances (incorporated Article 37.4).

3.28. In most cases, except under exceptional circumstances, before taking measures, the Parties must provide relevant information to the Partnership, Trade and Cooperation Committee (replacing the Stabilisation and Association Committee, see section 5.5) and seek a solution acceptable for both as soon as possible or cases in which precautionary measures are applied. If the Committee or the exporting Party has not taken a decision putting an end to difficulties or no other satisfactory solution has been reached within 30 days of the matter being referred to the Committee, the importing Party may adopt appropriate measures. In exceptional and critical circumstances, which make prior information or examination impossible, the Party may apply forthwith precautionary measures necessary to deal with the situation and shall inform the other Party immediately thereof.

3.29. The safeguard measures shall be notified immediately to the Partnership, Trade and Cooperation Committee and be subject to periodic consultations with a view to establishing a timetable for their abolition. The measures shall contain clear elements progressively leading to their elimination at the end of the set period.

#### **3.4.2.3 Special safeguards**

3.30. Article 30 of the incorporated Agreement is incorporated as such into the Agreement. It sets out that notwithstanding provisions of Article 37, given the particular sensitivity of the agricultural and fisheries markets, if imports of products originating in one of the Parties subject to concessions granted under Chapter II on agriculture and fisheries cause serious disturbance to the Parties' markets or domestic regulatory mechanisms, both Parties shall immediately enter into consultations to find an appropriate solution. Pending the solution, the Party may take appropriate necessary measures.

#### **3.4.3 Anti-dumping and countervailing measures**

3.31. The rules on anti-dumping are addressed under Article 36 of the incorporated Agreement. The Parties can take appropriate measures against a dumping practice in accordance with the Agreement on Implementation of Article VI of the GATT 1994 and their own internal legislation. As soon as the authorities of the importing Party initiate a dumping investigation, the Partnership, Trade and Cooperation Council shall be informed. When no end has been put to the dumping within the meaning of Article VI of the GATT or no other satisfactory solution has been reached within 30 days of the matter being referred to the Council, the importing Party can adopt measures.

3.32. The Agreement does not contain provisions on countervailing measures.

#### **3.4.4 Subsidies and State-aid**

3.33. The Agreement does not include any specific provision on subsidies or State-aid, except for incorporated Article 69 on competition and other economic provisions. Under paragraph 1 of Article 69, any public aid which distorts or threatens to distort competition by favouring certain undertakings or certain products is deemed as incompatible with the proper functioning of the Agreement. This provision does not apply to agricultural and fisheries products (Article 69.4).

#### **3.4.5 Customs-related procedures**

3.34. The part of Article 88.1 of the incorporated Agreement that relates to achieving the approximation of the customs system of North Macedonia to that of the EU is removed from the Agreement. Customs cooperation under Article 88.2 of the incorporated Agreement shall include in particular: the exchange of information, including on the methods of investigation; the development of cross-border infrastructure between the Parties; the possibility of interconnection between the transit systems of the Parties as well as the adoption and use of the Single Administrative

Document<sup>21</sup>; the simplification of inspection and formalities for the carriage of goods; and support for the introduction of modern customs information systems.

3.35. Title VI of Protocol 4 on originating products and methods of administrative cooperation sets out provisions on customs cooperation regarding rules of origin. As per Articles 32 and 33, the customs authorities of the Parties shall provide each other with relevant information and assist each other in checking the authenticity of movement certificates and origin declarations.

3.36. Protocol 5, as incorporated, governs mutual administrative assistance in customs matters, except for assistance to recover duties, taxes or fines, which is not covered by this Protocol (Article 2.3). The Protocol lays out provisions for assistance on request and spontaneous assistance. Exceptions to the obligation to provide assistance are also incorporated: assistance may be refused or may be subject to the satisfaction of certain conditions or requirements in cases where a Party thinks that assistance would i) be likely to prejudice its sovereignty; ii) be likely to prejudice public policy, security or other essential interests; or iii) violate an industrial, commercial or professional secret (Article 9). Implementation of this Protocol shall be entrusted to the customs authorities of both Parties which shall decide on all practical measures and arrangements necessary for its application, taking into consideration the rules in force, in particular in the field of data protection (Article 13).

### **3.4.6 Other regulations**

## **3.5 Sector-specific provisions on trade in goods**

### **3.5.1 Agriculture and certain wine**

3.37. Annex IIA of the Agreement grants additional temporary preferential treatment by the United Kingdom to North Macedonia for certain agricultural and wine products. These arrangements shall expire 5 years after the date of entry into force of the Agreement. The UK may, with 6 months prior written notice to North Macedonia (or other agreed-upon notice period), extend the duration for such period as it deems appropriate (Article 3 of Annex IIA). The Appendix contains the table of preferential arrangements for wine of fresh grapes, of an actual alcoholic strength by volume not exceeding 15% volume, other than sparkling wine.

### **3.5.2 Textile and clothing products**

3.38. The Agreement incorporates the provisions of Protocol 1 of the EU-North Macedonia Agreement on textile and clothing products, as modified under Annex I of the Agreement. Textile products falling within Chapter 50 to 63 of the Combined Nomenclature and originating in North Macedonia or the United Kingdom will enter into the other Party free of customs duties. The exceptions to the abolition of EU customs duties under the EU-North Macedonia Agreement are not incorporated into the Agreement.

### **3.5.3 Steel products**

3.39. Protocol 2 applies specific regulations to steel products. As for textile and clothing products, both Parties shall abolish customs duties on imports of steel products, while the EU-North Macedonia Agreement implemented a progressive reduction of EU customs duties on products originating in North Macedonia. Article 5 provides that the Parties shall address promptly any structural weaknesses of their steel sector to ensure the global competitiveness of their industry. The Parties also recognize the need for an administrative procedure having as its purpose the rapid provision of information on the trend in trade flows originating in North Macedonia in order to increase transparency and to avoid possible diversions of trade. To this end, the Parties establish a double-checking system to exchange statistical information on export and surveillance documents (the provisions of the introduction of such system are laid out in Annex I of Protocol 2, unchanged from the incorporated Protocol 2).

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<sup>21</sup> Further information on the Single Administrative Document can be found at: European Commission, *The single administrative document*. Viewed at: [https://ec.europa.eu/taxation\\_customs/single-administrative-document-sad\\_en](https://ec.europa.eu/taxation_customs/single-administrative-document-sad_en).

## 4 PROVISIONS ON TRADE IN SERVICES

4.1. The Agreement incorporates, with modifications, provisions on trade in services and investment as in Title V of the EU-North Macedonia Agreement<sup>22</sup>, which is divided into five Chapters: disciplines on movement of workers; establishment; supply of services; current payments and movement of capital; and general provisions. Such provisions are made part of the Agreement and apply, *mutatis mutandis*<sup>23</sup>, subject to modifications provided for in Annex I to the Agreement, which are summarised in Box 4.1 below.

### Box 4.1 Overview of modifications to Title V of the EU - North Macedonia Agreement

Chapters of the EU-North Macedonia Agreement		Modified provisions of the EU-North Macedonia Agreement through Annex I to the Agreement	
Chapter I:	Movement of workers	Art. 45(1)	Not incorporated.
		Art. 46	Modified.
Chapter II:	Establishment	Art. 48	Modified.
Chapter III:	Supply of services	Art. 55	Modified.
		Art. 56	Modified.
		Art. 57	Modified.
Chapter IV:	Current payments and movement of capital	Art. 60	Not incorporated.
Chapter V:	General provisions	Art. 67A	New.

Source: WTO Secretariat based on the Agreement.

### 4.1 Scope and definitions

4.2. The Agreement incorporates the provisions of Title V (movement of workers, establishment, supply of services, capital), which do not apply to activities that in the territory of either Party are connected, even occasionally, with the exercise of official authority (incorporated Article 61.2). In addition, the Parties remain free to apply their laws and regulations regarding entry and stay, employment, working conditions, establishment of natural persons and supply of services, provided that, in so doing, they do not apply them in such a manner as to nullify or impair the benefits accruing to any Party under the terms of the Agreement (incorporated Article 62).

4.3. The Agreement incorporates without modifications Article 63 that states that companies which are controlled and exclusively owned jointly by the Parties' companies or nationals are covered by the provisions of Title V. Further to incorporated Article 47, a "company" is defined as a company if it is set up in accordance with the laws of the respective Party and has its registered office or central administration or principal place of business in the territory of that Party. The provisions of Chapters II and III (establishment and supply of services, accordingly) apply only to nationals of one of the Parties.

4.4. Through incorporated Article 48<sup>24</sup>, the Agreement provides for MFN and national treatment upon entry into force, while also maintaining some exceptions and/or restrictions in incorporated Articles 49 to 51. In particular, the incorporated Agreement's provisions on establishment do not apply to air transport services; inland waterways transport services and maritime cabotage services. The Stabilization and Association Council may make recommendations for improving establishment and operations of these sectors (incorporated Article 50).

<sup>22</sup> For more details, please refer to document WT/REG129/5/Rev.1.

<sup>23</sup> Article 2 of the Agreement clarifies that "*mutatis mutandis*" means with the technical changes necessary to apply the EU-North Macedonia Agreement as if it had been concluded between the United Kingdom and North Macedonia, taking into account the object and purpose of the Agreement.

<sup>24</sup> Article 48 of the EU-North Macedonia has been incorporated with modifications that are described in section 4.4.4 of this factual presentation.

4.5. Incorporated Chapter III on the supply of services does not provide for immediate liberalization but rather establishes a progressive process. Covering modes 1, 2 and 4, the Chapter also contains a standstill obligation.<sup>25</sup>

4.6. The Agreement also incorporates the structure of the EU-North Macedonia Agreement, which follows neither a typical "positive", "negative" or "hybrid" list approach. There are no schedules of commitments or lists of reservations for existing or future non-conforming measures, thus liberalization under the incorporated Agreement covers all sectors and all modes of supply and is based on the principle of the approximation of the legislation of North Macedonia to that of the EU.<sup>26</sup>

4.7. Notwithstanding that the Agreement does not commit North Macedonia to approximate its legislation to that of the UK, recognising the alignment of their legislation as a result of the EU-North Macedonia Agreement, the Parties agree to continue the alignment to secure operation of the following incorporated provisions: Article 44 (Chapter I, movement of workers); Articles 48, 49(1) and 53 (Chapter II, establishment); and Articles 55, 56(1)<sup>27</sup> and 57<sup>28</sup> (Chapter III, supply of services).

4.8. It is clarified that if a Party considers that the necessary level of alignment is no longer reached, it has the right to request consultations to resolve the matter. In case the raised issue is not resolved, a Party may suspend the operation of the provisions mentioned above and instead offer the services and services providers of the other Party treatment no less favourable than that accorded to like services and service suppliers of any other country. Preferential treatment granted by either Party to the service suppliers of a third party, consistent with the GATS, is excluded.

## 4.2 Denial of benefits

4.9. The Agreement does not include a denial of benefits provision *per se* but incorporates Article 47 of the EU-North Macedonia Agreement under which a Party may deny the benefits under incorporated Title V to a company having only its registered office in a Party's territory, unless its operations possess "a real and continuous link" with the economy of that Party.

## 4.3 General provisions on trade in services

4.10. The Agreement incorporates, *mutatis mutandis*, the general provisions<sup>29</sup> on trade in services and establishment of the EU-North Macedonia Agreement that are summarized below but which should be also read in conjunction with modifications in Annex I to the Agreement.

### 4.3.1 Market access

4.11. Incorporated Title V does not contain any explicit market access obligations, *per se*, comparable to the provisions in Article XVI of the GATS. However, as regards establishment, services may be provided by companies from the UK and North Macedonia as from the entry into force of the Agreement, except for the supply of air transport, inland waterways transport and maritime cabotage services (incorporated Articles 48, 49 and 50). For the supply of services (covering modes 1, 2, and to a certain extent 4), the right to provide services is granted progressively in accordance with the provisions of the incorporated Chapter III of Title V. As reported by the Parties, no bilateral progress has been made, and the Parties follow their respective WTO Schedules of specific commitments in services.

### 4.3.2 National treatment and MFN

4.12. Further to incorporated Article 48, the Parties agree to grant MFN and national treatment for establishment of companies from the Parties, and the operation of their subsidiaries and branches

<sup>25</sup> More details are provided below in section 4.3.3 of this factual presentation.

<sup>26</sup> For more details, please refer to Section III.A, document WT/REG129/5/Rev.1.

<sup>27</sup> Articles 55 and 56 of the EU-North Macedonia have been incorporated with modifications that are described further in section 4.4.3 of this factual presentation.

<sup>28</sup> Article 57 of the EU-North Macedonia has been incorporated with modifications that are described further in section 4.6.2 this factual presentation.

<sup>29</sup> For more details, please refer to Section III.C, document WT/REG129/5/Rev.1.



as of the entry into force of the Agreement. Under the incorporated Agreement, there is no corresponding provision to grant MFN and national treatment for the supply of services.

### 4.3.3 Cross-border trade in services

4.13. The Agreement incorporates with modifications Chapter III of the EU-North Macedonia Agreement, which applies to the supply of services. Under its provisions, the Parties agree to take the necessary steps to allow progressively the supply of services by a company from the UK or from North Macedonia or their nationals who are established in a Party other than that of the person for whom the services are intended (incorporated Article 55.1). The supply of services therefore covers modes 1, 2, and 4. As from the second stage of the transition period, the Partnership, Trade and Cooperation Council shall take measures necessary to implement progressively the liberalization of trade in services between the Parties (incorporated Article 55.3 with modifications<sup>30</sup>). According to the Parties, no progress has been made in further progressive liberalization of the supply of services.

4.14. The incorporated Agreement also contains a standstill clause in which the Parties commit not to take any measure or action which would render the conditions for the supply of services by their nationals or by companies established in a Party other than that of the person for whom the services are intended, significantly more restrictive as compared to the situation on 31 March 2004.<sup>31</sup> If one Party believes that the other has introduced such restrictive measures it may request consultations with the other Party (incorporated Article 56).

4.15. The Agreement also incorporates, with modifications, special provisions that cover the supply of transport services, in particular inland transport and international maritime transport, as described in section 4.6.2 below.

### 4.3.4 Establishment

4.16. The Agreement incorporates with modifications Chapter II of Title V that sets out the disciplines on establishment, including establishment related to trade in goods. For companies from either Party, establishment means the right to take up economic activities by setting up subsidiaries and branches in the other Party (incorporated Article 47.d.ii). For nationals from either Party, establishment means the right to set up undertakings, in particular companies, which they effectively control (incorporated Article 47.d.i). Self-employment and business undertakings by nationals shall not extend to seeking or taking up employment in the labour market or confer a right of access to the labour market of another Party. The provisions on establishment do not apply to those who are not exclusively self-employed. The incorporated Agreement's provisions on establishment go beyond the GATS definition of mode 3, as it also covers the establishment of companies producing goods.

4.17. Further to the incorporated Article 48.4 with modifications<sup>32</sup>, the Parties agree to examine whether to extend the commitments on the establishment of companies to nationals of both Parties to include also economic activities as self-employed persons.

4.18. The Agreement incorporates a standstill clause by North Macedonia not to adopt any new regulations or measures which introduces discrimination against the establishment of UK companies in its territory or in respect of their operation once established, by comparison with its own companies (incorporated Article 48.2).

4.19. The Agreement incorporates the provisions of Article 51, which clarifies that notwithstanding the commitments on establishment, a Party may apply particular rules concerning the establishment and operation in its territory of branches of companies of the other Party not incorporated in its territory, if such rules are justified by legal or technical differences between such branches and branches of companies incorporated in its territory, or, as regards financial services, for

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<sup>30</sup> Under the Agreement, in the incorporated Article 55.3, the reference to the progress achieved by the Parties in the approximation of their laws has not been incorporated (para. 6(d), Annex I to the Agreement).

<sup>31</sup> The date has been specified further to modifications set out in paragraphs 6(e) and (f) of Annex I to the Agreement.

<sup>32</sup> Under the Agreement, in the incorporated Article 48.4, the words "relevant European Court of Justice case law, and the" have not been incorporated. (para. 6(c), Annex I to the Agreement).

prudential reasons. The difference in treatment shall however not go beyond what is strictly necessary as a result of such legal or technical differences.

4.20. The provisions of incorporated Chapter II of Title V (establishment) do not apply to air transport, inland waterways transport and maritime cabotage services (incorporated Article 50).

#### **4.3.5 Movement of natural persons**

4.21. The Agreement incorporates, with modifications, Chapter I of Title V that regulates the movement of workers.

4.22. The incorporated provisions provide for non-discrimination based on nationality for nationals of a Party who are legally employed in the other Party, as regards working conditions, remuneration or dismissal. The provisions also provide for access to labour markets for a legally resident spouse and children of a worker legally employed in the other Party, with the exception of seasonal workers and workers under bilateral agreements from North Macedonia (incorporated Article 44). The Parties agree to examine the granting of other improvements, including facilities for access to professional training (incorporated Article 45 with modifications<sup>33</sup>).

4.23. The Agreement incorporates Article 46 with modifications, which provide for rules for the coordination of social security systems for workers from North Macedonia and their family members. Modifications concern provisions for adding together all periods of insurance, employment or residence completed in the UK and EU Member States<sup>34</sup> for the purpose of pensions and annuities in respect of old age, invalidity and death and for medical care for workers and family members. Under the Agreement it is further clarified that the above provision shall not apply unless and until the Partnership, Trade and Cooperation Council (i) determines that appropriate data sharing arrangements are in place, and (ii) decides to apply the provision, with or without modifications, or to replace it. It is also agreed after entry into force of the Agreement, the Partnership, Trade and Cooperation Council shall examine any developments in data sharing arrangements between the UK and the EU and consider whether these are appropriate to enable implementation of the above stated provision.<sup>35</sup> As reported by the United Kingdom, there has been no update on the matter. Pensions and annuities, with the exception of non-contributory benefits, are to be freely transferable.

4.24. The Agreement incorporates the following provisions in Chapters II (establishment) and III (supply of services)<sup>36</sup>:

- i. the right granted to companies from one Party established in the territory of the other Party to employ, or have employed by one of its subsidiaries or branches, in accordance with the legislation in force in the host country of establishment, employees who are nationals from either Party (incorporated Article 53); and
- ii. the temporary movement of natural persons providing the service or who are employed by the service provider as key personnel and who seek temporary entry for the purpose of negotiating the sale of services or entering into agreements to sell services but are not engaged in making direct sales to the general public or in supplying services themselves (incorporated Article 55.2 with modifications).

4.25. The UK has horizontal commitments under the GATS for intra-corporate transfers (ICTs), business visitors (BV) and contractual service suppliers (CSS) subject to specific conditions. For ICTs, the natural person must work within a juridical person, other than a non-profit making organization, established in the territory of a WTO Member and have been employed or been a partner in it for at least the year immediately preceding the date of admission. The natural person is temporarily transferred to an establishment (subsidiary, branch, office) of that juridical person to provide like services in the territory of the UK. The duration of temporary stay for ICTs is defined by

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<sup>33</sup> Under the Agreement, the first paragraph of incorporated Article 45, which concerns existing facilities for access to employment for workers from North Macedonia accorded by EU Member States under bilateral agreements (ratchet clause), and possible conclusion of such bilateral agreements by other EU Member States, has not been incorporated (para. 6(a), Annex I to the Agreement).

<sup>34</sup> Paragraph 6(b)(i), Annex I to the Agreement.

<sup>35</sup> Paragraph 6(b)(ii), Annex I to the Agreement.

<sup>36</sup> For further details, see paragraphs 32 to 34 in document WT/REG129/5/Rev.1.

UK laws and regulations regarding entry, stay and work. The category of business visitor applies to (i) service sellers seeking temporary entry to negotiate the sale of services and (ii) those in a senior position, within a juridical person, responsible for setting up commercial presence of a service provider (but not engaged in direct sales or supplying services). The duration of temporary stay of BVs is defined by UK laws and regulations regarding entry, stay and work. Regarding CSS, access is subject to the following conditions: natural persons are engaged in the supply of a service on a temporary basis as employees of a juridical person, who has no commercial presence in the UK. Temporary entry and stay are for a period of three months in any 12-month period. The services contract has to be obtained in a predefined list of activities.<sup>37</sup>

4.26. In the GATS, North Macedonia has scheduled horizontal commitments on the temporary presence of intra-corporate transferees (ICTs).<sup>38</sup> Such ICTs may be granted temporary residence clearance for up to three years, renewable upon request for up to two years. For business visitors,<sup>39</sup> the duration of temporary stay in the GATS is limited to 90 days with the possibility of renewal upon request.

#### 4.4 Liberalization commitments

4.27. The Parties incorporate, *mutatis mutandis*, liberalization commitments on trade in services and establishment in the EU-North Macedonia Agreement.<sup>40</sup> Modifications to the incorporated Agreement are described in the respective parts of the present factual presentation.

4.28. As mentioned in section 4.1 of this factual presentation, there are no schedules of commitments or lists of reservations for existing or future non-conforming measures.

4.29. Except for financial and certain types of transport services<sup>41</sup>, there are no national treatment restrictions in mode 3 ("establishment" under the incorporated Agreement). Under the incorporated Agreement, the Parties may take 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 (incorporated Article 49.2). Further, the provision of trade in services through other modes of supply is bound at the existing level of restrictiveness and will be progressively liberalized within the prescribed transition period.

4.30. The sections below compare the Parties' liberalization commitments under the Agreement and the GATS. Tables 4.1 and 4.2 summarize, sometimes in a rather broad manner, specific commitments under the Agreement, by sector and sub-sector and compare them with the GATS commitments. Improvements over existing GATS commitments include a reduction in market access and/or national treatment limitations, a relaxation of the form of establishment under mode 3, and/or additional commitments and/or improved sectoral coverage. Horizontal limitations in the GATS Schedule of Specific Commitments and reservations covering all sectors are not included in the tables but are addressed separately. Mode 4 commitments and limitations are, to a large extent,

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<sup>37</sup> These are: legal services; accounting services; taxation advisory services; architectural services, urban planning and landscape architectural services; engineering services, integrated engineering services; advertising; management consulting services; services related to management consulting; technical testing and analysis services; related scientific and technical consulting services; translation services; construction services, site investigation work (document S/C/W/380).

<sup>38</sup> Defined as natural persons being temporarily transferred to supply services through commercial presence in the territory of FYROM. ICTs are persons occupying senior managerial or executive positions. This category also includes specialists – natural persons possessing high or uncommon qualifications or knowledge essential for the functioning of the company, which are important to the services that the company supplies, and who possesses knowledge of the organization's services, research equipment, techniques or management (document GATS/SC/138).

<sup>39</sup> Defined as natural persons not based in FYROM, who are engaged in activities related to representing a services supplier for the purpose of negotiating for the sale of the services of that supplier. Those representatives cannot be engaged in making direct sales to the general public or in supplying services themselves (document GATS/SC/138).

<sup>40</sup> For further details, see Section III.D in document WT/REG129/5/Rev.1.

<sup>41</sup> As mentioned above, the provisions of the incorporated Chapter II of Title V (Establishment) do not apply to air transport services, inland waterways transport services and maritime cabotage services (incorporated Articles 50 and 51).

also excluded from the tables. The following sections are to be read in conjunction with the provisions of the incorporated Agreement and respective modifications introduced by the Agreement.

#### 4.4.1 United Kingdom

4.31. The United Kingdom incorporates, *mutatis mutandis*, the liberalization commitments in the incorporated Agreement with modifications described in respective sections of this factual presentation.

##### 4.4.1.1 MFN and horizontal commitments

4.32. In its GATS commitments the UK has a broad reservation for services considered public utilities at the national or local level, and for types of establishment. Other horizontal restrictions apply to mode 4. Under the incorporated Agreement the "activities that in the territory of either Party are connected, even occasionally, with the exercise of official authority" are excluded from its scope (incorporated Article 61.2).

4.33. Under the GATS, the UK lists a number of MFN exemptions in areas such as audio-visual services; a variety of transport services; and financial services. A number of MFN exemptions are also registered for all sectors and with respect to, inter alia, existing and future bilateral agreements with third-parties.<sup>42</sup> Such reservations have not been scheduled under the incorporated Agreement.

##### 4.4.1.2 Sector specific commitments

4.34. The UK GATS commitments cover 11 out of 12 services sectors<sup>43</sup> with no commitments in postal and courier services; audio-visual services; other human health services; libraries, archives, museums and other cultural services; and maritime, inland waterways, space and pipeline transport services.

4.35. All services are covered under the Agreement except for air transport services, inland waterways and maritime cabotage services to which Chapter II of Title V on establishment does not apply (incorporated Article 50). As there are no schedules of commitments or lists of reservations for existing or future non-conforming measures, the liberalization under the Agreement is conditional on the alignment of the legislation of North Macedonia to that of the UK.

4.36. Table 4.1 follows the WTO Services Sectoral Classification<sup>44</sup> and provides a comparison of the UK's GATS specific commitments in modes 1-3 with those taken under the Agreement. There is, as yet, no certified UK Schedule of Specific Commitments; the proposed draft has been circulated in series S/C/W/380. As reported by the United Kingdom, there has been no update on the matter.

**Table 4.1 United Kingdom: Comparison between the GATS and Agreement specific commitments.**

Sectors / Sub-sectors	GATS	FTA sector-specific liberalization <sup>a</sup>		Commitments	Compared to GATS <sup>b</sup>
		Sector coverage			
		Trade in services	Establishment		
<b>1. Business services</b>					
A. Professional Services	Partial	Full	Full	Conditional	Improved
B. Computer and Related Services	Full	Full	Full	Conditional	Same
C. Research and Development Services	Partial	Full	Full	Conditional	Improved
D. Real Estate Services	Full	Full	Full	Conditional	Same
E. Rental/Leasing Services without Operators	Partial	Full	Full	Conditional	Improved
F. Other Business Services	Partial	Full	Full	Conditional	Improved
<b>2. Communication services</b>					
A. Postal services	...	Full	Full	Conditional	New
B. Courier services	...	Full	Full	Conditional	New
C. Telecommunication services	Partial	Full	Full	Conditional	Improved
D. Audiovisual services	...	Full	Full	Conditional	New
E. Other	...	Full	Full	Conditional	New

<sup>42</sup> Document S/C/W/381.

<sup>43</sup> Based on the WTO Services Sectoral Classification (WTO document MTN.GNS/W/120).

<sup>44</sup> Document MTN.GNS/W/120 as of 10 July 1991.

Sectors / Sub-sectors	GATS	FTA sector-specific liberalization <sup>a</sup>		Committed Commitments	Compared to GATS <sup>b</sup>
		Sector coverage			
		Trade in services	Establish- ment		
<b>3. Construction and related engineering services</b>					
A. General construction work for buildings	Partial	Full	Full	Conditional	Improved
B. General construction work for civil engineering	Partial	Full	Full	Conditional	Improved
C. Installation and assembly work	Partial	Full	Full	Conditional	Improved
D. Building completion and finishing work	Partial	Full	Full	Conditional	Improved
E. Other	Partial	Full	Full	Conditional	Improved
<b>4. Distribution services</b>					
A. Commission agents' services	Partial	Full	Full	Conditional	Improved
B. Wholesale trade services	Partial	Full	Full	Conditional	Improved
C. Retailing services	Partial	Full	Full	Conditional	Improved
D. Franchising	Partial	Full	Full	Conditional	Improved
E. Other	...	Full	Full	Conditional	New
<b>5. Educational services</b>					
A. Primary education services	Partial	Full	Full	Conditional	Improved
B. Secondary education services	Partial	Full	Full	Conditional	Improved
C. Higher education services	Partial	Full	Full	Conditional	Improved
D. Adult education	Partial	Full	Full	Conditional	Improved
E. Other education services	...	Full	Full	Conditional	New
<b>6. Environmental services</b>					
A. Sewage services	Partial	Full	Full	Conditional	Improved
B. Refuse disposal services	Partial	Full	Full	Conditional	Improved
C. Sanitation and similar services	Partial	Full	Full	Conditional	Improved
D. Other	Partial	Full	Full	Conditional	Improved
<b>7. Financial services</b>					
A. All insurance and insurance-related services	Partial	Full	Partial	Conditional	Improved
B. Banking and other financial services	Partial	Full	Partial	Conditional	Improved
C. Other	...	Full	Partial	Conditional	New
<b>8. Health related and social services</b>					
A. Hospital services	Partial	Full	Full	Conditional	Improved
B. Other Human Health Services	...	Full	Full	Conditional	New
C. Social Services	Partial	Full	Full	Conditional	Improved
D. Other	...	Full	Full	Conditional	New
<b>9. Tourism and travel related services</b>					
A. Hotels and restaurants (including catering)	Partial	Full	Full	Conditional	Improved
B. Travel agencies and tour operators services	Full	Full	Full	Conditional	Same
C. Tourist guides services	Full	Full	Full	Conditional	Same
D. Other	...	Full	Full	Conditional	Improved
<b>10. Recreational and cultural and sporting services</b>					
A. Entertainment services	Partial	Full	Full	Conditional	Improved
B. News agency services	Full	Full	Full	Conditional	Same
C. Libraries, archives, museums and other cultural services	...	Full	Full	Conditional	New
D. Sporting and other recreational services	Partial	Full	Full	Conditional	Improved
E. Other	...	Full	Full	Conditional	New
<b>11. Transport services</b>					
A. Maritime Transport Services	...	Partial	Partial	Conditional	New
B. Internal Waterways Transport	...	Partial	Excluded	Conditional	Similar
C. Air Transport Services	Partial	Partial	Excluded	Conditional	Narrower
D. Space Transport	...	Partial	Full	Conditional	New
E. Rail Transport Services	Partial	Partial	Full	Conditional	Similar
F. Road Transport Services	Partial	Partial	Full	Conditional	Similar
G. Pipeline Transport	...	Partial	Full	Conditional	New
H. Services auxiliary to all modes of transport	Partial	Partial	Full	Conditional	Similar
I. Other Transport Services	Partial	Partial	Full	Conditional	Similar
<b>12. Other services not included elsewhere</b>	...	Full	Full	Conditional	New

General Note: MFN and Horizontal limitations, as well as Mode 4 commitments/limitations not included. As there are no schedules of commitments or lists of reservations for existing or future non-conforming measures, liberalization under the Agreement is based on the principle of the alignment of the legislation of North Macedonia with that of the UK.

a Progressive liberalization depends on the continued alignment of the legislation of North Macedonia to that of the UK (Article 67A).

b Based on the sectoral coverage and progressive liberalization set out in the Agreement (incorporated Article 6).

Full: Specific commitments not subject to limitation(s) under market access or national treatment, under any of the three modes.

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Partial:	Specific commitments subject to some limitation(s) under market access or national treatment, under any of the three modes.
---	No specific commitment (under GATS), or no specific reservation (under the Agreement).
New:	New commitments (full or partial, with or without limitations) which can, in most but not all cases, be seen as "improved".
Improved:	Overall improved commitments made under the Agreement compared to those under the GATS.
Similar:	Similar commitments; though possibly, in individual cases, with limited improvements and/or limited additional reservations.
Excluded:	Sector or sub-sector excluded from the coverage, or full reservation (under the Agreement).
Conditional:	Liberalization commitments are conditioned on the level of alignment of the legislation of North Macedonia with that of the UK.
Source:	The United Kingdom's modifications to the incorporated EU-North Macedonia Agreement; liberalization commitments under the incorporated Agreement (WT/REG129/5/Rev.1) and the United Kingdom GATS specific commitments (S/C/W/380).

#### 4.4.1.2.1 Business services

4.37. Under the GATS, the UK has commitments in all 11 sub-sectors of the professional services category. While the sub-sector is to a large extent bound, certain reservations, in particular for modes 1 and/or 3, apply for auditing services; medical, dental and midwives' services; veterinary services; services provided by nurses, physiotherapists and paramedical personnel; supply of pharmaceutical goods to the general public, and other related scientific technical consulting services.<sup>45</sup>

4.38. Computer and related services are fully committed for modes 1-3 under the GATS. For research and development services, the UK fully liberalizes only R&D services for social sciences and humanities, while real estate services<sup>46</sup> are fully committed. Rental/leasing services without operators for aircraft are subject to market access limitations for modes 2 and 3, and no commitments are undertaken for other services of this sub-sector, otherwise the sub-sector is liberalized. Under other business services, all sub-sectors are committed either fully or with certain reservations, except for services incidental to manufacturing and to energy distribution, which are not scheduled.

4.39. Under the Agreement, there are no national treatment restrictions on business services for Mode 3 ("establishment" under the Agreement). Parties commit to not undertaking measures or actions which render the conditions for the supply of services significantly more restrictive than on 31 March 2004. Further, Parties agree to implement paragraph 1 of Article 55 to allow progressively the supply of services between the Parties. These provisions are also dependent on the continued alignment of legislation, as per Article 67A of the Agreement. As reported by the United Kingdom, there has been no update on the matter.

#### 4.4.1.2.2 Communication services

4.40. The UK has no commitments under the GATS for postal and courier, audio-visual and other communication services. For telecommunication services, the UK is fully committed for the supply of "all services consisting of the transmission and reception of signals by any electromagnetic means, excluding broadcasting". The UK GATS commitments also incorporate the Reference Paper obligations for basic telecommunications services.

4.41. Under the Agreement, there are no national treatment restrictions on communication services for Mode 3 ("establishment" under the Agreement). Parties commit to not undertaking measures or actions which render the conditions for the supply of services significantly more restrictive than on 31 March 2004. Further, Parties agree to implement paragraph 1 of Article 55 to allow progressively the supply of services between the Parties. These provisions are also dependent on the continued alignment of legislation, as per Article 67A. As reported by the United Kingdom, there has been no update on the matter.

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<sup>45</sup> The service involved excludes related scientific and technical consulting services on operation of mines, etc. (S/C/W/380).

<sup>46</sup> The service involved relates to the profession of real estate agents and does not affect any rights and/or restrictions on natural and juridical persons purchasing real estate (S/C/W/380).

#### **4.4.1.2.3 Construction and related engineering services**

4.42. The UK largely liberalizes under the GATS the supply of construction and related engineering services. Mode 1, however, remains unbound for the whole sector, except for site investigation work (CPC 5111) and excavating and earthmoving work (CPC 5114).

4.43. Under the Agreement, there are no national treatment restrictions on construction and related services for Mode 3 ("establishment" under the Agreement). Parties commit to not undertaking measures or actions which render the conditions for the supply of services significantly more restrictive than on 31 March 2004. Further, Parties agree to implement paragraph 1 of Article 55 to allow progressively the supply of services between the Parties. These provisions are also dependent on the continued alignment of legislation, as per Article 67A. As reported by the United Kingdom, there has been no update on the matter.

#### **4.4.1.2.4 Distribution services**

4.44. For distribution services, the scope of the UK's commitments under the GATS excludes trade in arms, chemical products, explosives and precious metal, otherwise, the sector is to a large extent open. The liberalization of the supply of retailing services is limited in scope and remains unbound for mode 1, except for mail order.

4.45. Under the Agreement, there are no national treatment restrictions on distribution services for Mode 3 ("establishment" under the Agreement). Parties commit to not undertaking measures or actions which render the conditions for the supply of services significantly more restrictive than on 31 March 2004. Further, Parties agree to implement paragraph 1 of Article 55 to allow progressively the supply of services between the Parties. These provisions are also dependent on the continued alignment of legislation, as per Article 67A. As reported by the United Kingdom, there has been no update on the matter.

#### **4.4.1.2.5 Educational services**

4.46. Under the UK's GATS commitments, privately funded primary, secondary, higher, and adult education services sub-sectors are fully committed with no commitments made in other education services sub-sector.

4.47. Under the Agreement, there are no national treatment restrictions on educational services for Mode 3 ("establishment" under the Agreement). Parties commit to not undertaking measures or actions which render the conditions for the supply of services significantly more restrictive than on 31 March 2004. Further, Parties agree to implement paragraph 1 of Article 55 to allow progressively the supply of services between the Parties. These provisions are also dependent on the continued alignment of legislation, as per Article 67A. As reported by the United Kingdom, there has been no update on the matter.

#### **4.4.1.2.6 Environmental services**

4.48. The supply of environmental services is largely liberalized by the UK under the GATS, with mode 1 remaining unbound for the scheduled sub-sectors.

4.49. Under the Agreement, there are no national treatment restrictions on environmental services for Mode 3 ("establishment" under the Agreement). Parties commit to not undertaking measures or actions which render the conditions for the supply of services significantly more restrictive than on 31 March 2004. Further, Parties agree to implement paragraph 1 of Article 55 to allow progressively the supply of services between the Parties. These provisions are also dependent on the continued alignment of legislation, as per Article 67A. As reported by the United Kingdom, there has been no update on the matter.

#### **4.4.1.2.7 Financial services<sup>47</sup>**

4.50. Under the GATS, the UK takes commitments in financial services in accordance with the provisions of the "Understanding on Commitments in Financial Services" ("the Understanding"). Market access commitments in modes 1 and 2 apply only to the transactions indicated in paragraphs B.3 and B.4 of the market access section of the Understanding, respectively; also, a specific legal form might be required. In banking and other financial services, modes 2 and 3 are subject to a number of reservations, in particular regarding forms of establishment.

4.51. Under the Agreement, the Parties may take 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 (incorporated Article 49.2).

#### **4.4.1.2.8 Health related and social services**

4.52. The UK partially commits the supply of all hospital services and social services (only convalescent and rest houses, old people's homes) with modes 2 and 3 fully open and mode 1 remaining unbound.

4.53. Under the Agreement, there are no national treatment restrictions on health related and social services for Mode 3 ("establishment" under the Agreement). Parties commit to not undertaking measures or actions which render the conditions for the supply of services significantly more restrictive than on 31 March 2004. Further, Parties agree to implement paragraph 1 of Article 55 to allow progressively the supply of services between the Parties. These provisions are also dependent on the continued alignment of legislation, as per Article 67A. As reported by the United Kingdom, there has been no update on the matter.

#### **4.4.1.2.9 Tourism and travel services**

4.54. Tourism and travel related services are largely open by the UK under the GATS, with some reservations applicable to the scope and supply via mode 1 for hotels, restaurants and catering services.

4.55. Under the Agreement, there are no national treatment restrictions on tourism and travel services for Mode 3 ("establishment" under the Agreement). Further, the provision of such services through other modes of supply is bound at the existing level of restrictiveness and will be progressively liberalized within the prescribed transition period.

#### **4.4.1.2.10 Recreational, cultural and sporting services**

4.56. Under the GATS, news and press agency services are fully committed by the UK, while for entertainment services mode 1 remains unbound and partial liberalization commitments apply for the supply of sporting and other recreational services other than gambling and betting services.

4.57. Under the Agreement, there are no national treatment restrictions on recreational, cultural and sporting services for Mode 3 ("establishment" under the Agreement). Parties commit to not undertaking measures or actions which render the conditions for the supply of services significantly more restrictive than on 31 March 2004. Further, Parties agree to implement paragraph 1 of Article 55 to allow progressively the supply of services between the Parties. These provisions are also dependent on the continued alignment of legislation, as per Article 67A.

#### **4.4.1.2.11 Transport Services<sup>48</sup>**

4.58. The UK has no commitments in the GATS for maritime, internal waterways, space and pipeline transport services.

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<sup>47</sup> For further details, please refer to section 4.6.1 of this factual presentation.

<sup>48</sup> Liberalization of transport services is covered by specific provisions. For further details, please refer to section 4.6.2 of this factual presentation.



4.59. In air transport services, maintenance and repair of aircraft and parts thereof, sales and marketing, and computer reservations systems are partially liberalized with *inter alia*, certain national treatment reservations.

4.60. For rail transport services, the UK only opens modes 2 and 3 for maintenance and repair of rail transport equipment, with mode 1 remaining unbound. For road transport services, maintenance and repair of road transport equipment is fully liberalized, while for both passenger and freight transportation mode 1 is unbound, with specific reservations for mode 3 applicable for the supply of passenger transportation services.

4.61. For services auxiliary to all modes of transport, the UK has full commitments in freight transport agency/freight forwarding services and pre-shipment inspection. For storage and warehouse services (other than in ports) only mode 1 remains unbound.

4.62. Under the GATS, the UK partially commits land transport (provision of combined transport services), which is scheduled under other transport services.

4.63. Under the Agreement, specific provisions apply for the supply of maritime, air, inland and internal waterways transport services as described in Section 4.6.2 below. No reservations are listed for space and pipeline transport.

#### 4.4.1.2.12 Other services not included elsewhere

4.64. Under the GATS, the UK has no commitments under this sector. Under the Agreement, no reservations for the sector are listed.

#### 4.4.2 North Macedonia

4.65. Under the GATS, North Macedonia made commitments on 11 out of 12 services sectors with no commitments in audiovisual services; primary and other education services; social services; libraries, archives, museums and other cultural services; maritime, internal waterways, space transport services; and other services not included elsewhere.

4.66. Under the Agreement, North Macedonia incorporates, *mutatis mutandis*, liberalization commitments under the EU-North Macedonia Agreement<sup>49</sup>, where all services are covered except for air transport services, inland waterways and maritime cabotage services to which Chapter II of Title V on establishment does not apply (incorporated Article 50). As there are no schedules of commitments or lists of reservations for existing or future non-conforming measures, the liberalization under the Agreement is conditional on the alignment of the legislation of North Macedonia to that of the UK.

4.67. Table 4.2 provides a comparison of the GATS specific commitments of North Macedonia in modes 1-3 with those taken under the Agreement. Horizontal limitations, MFN reservations and mode 4 are not taken into account in the table which should be read in conjunction with the respective provisions of the Agreement.

**Table 4.2 North Macedonia: Comparison between the GATS and Agreement specific commitments.**

Sectors / Sub-sectors	GATS	FTA sector-specific liberalization <sup>a</sup>			Compared to GATS <sup>b</sup>
		Sector coverage		Commitments	
		Trade in services	Establishment		
<b>1. Business services</b>					
A. Professional Services	Partial	Full	Full	Conditional	Improved
B. Computer and Related Services	Full	Full	Full	Conditional	Same
C. Research and Development Services	Partial	Full	Full	Conditional	Improved
D. Real Estate Services	Partial	Full	Full	Conditional	Improved
E. Rental/Leasing Services without Operators	Partial	Full	Full	Conditional	Improved
F. Other Business Services	Partial	Full	Full	Conditional	Improved
<b>2. Communication services</b>					
A. Postal services	Partial	Full	Full	Conditional	Improved

<sup>49</sup> For further details, see Section III.D in document WT/REG129/5/Rev.1.

Sectors / Sub-sectors	GATS	FTA sector-specific liberalization <sup>a</sup>			Compared to GATS <sup>b</sup>
		Sector coverage		Commitments	
		Trade in services	Establishment		
B. Courier services	Full	Full	Full	Conditional	Same
C. Telecommunication services	Partial	Full	Full	Conditional	Improved
D. Audiovisual services	..	Full	Full	Conditional	New
E. Other	..	Full	Full	Conditional	New
<b>3. Construction and related engineering services</b>					
A. General construction work for buildings	Partial	Full	Full	Conditional	Improved
B. General construction work for civil engineering	Partial	Full	Full	Conditional	Improved
C. Installation and assembly work	Partial	Full	Full	Conditional	Improved
D. Building completion and finishing work	Partial	Full	Full	Conditional	Improved
E. Other	Partial	Full	Full	Conditional	Improved
<b>4. Distribution services</b>					
A. Commission agents' services	Partial	Full	Full	Conditional	Improved
B. Wholesale trade services	Partial	Full	Full	Conditional	Improved
C. Retailing services	Partial	Full	Full	Conditional	Improved
D. Franchising	Partial	Full	Full	Conditional	Improved
E. Other	..	Full	Full	Conditional	New
<b>5. Educational services</b>					
A. Primary education services	..	Full	Full	Conditional	New
B. Secondary education services	Partial	Full	Full	Conditional	Improved
C. Higher education services	Partial	Full	Full	Conditional	Improved
D. Adult education	Partial	Full	Full	Conditional	Improved
E. Other education services	..	Full	Full	Conditional	New
<b>6. Environmental services</b>					
A. Sewage services	Partial	Full	Full	Conditional	Improved
B. Refuse disposal services	Partial	Full	Full	Conditional	Improved
C. Sanitation and similar services	Partial	Full	Full	Conditional	Improved
D. Other	Partial	Full	Full	Conditional	Improved
<b>7. Financial services</b>					
A. All insurance and insurance-related services	Partial	Full	Partial	Conditional	Improved
B. Banking and other financial services	Partial	Full	Partial	Conditional	Improved
C. Other	..	Full	Partial	Conditional	New
<b>8. Health related and social services</b>					
A. Hospital services	Partial	Full	Full	Conditional	Improved
B. Other Human Health Services	Partial	Full	Full	Conditional	Improved
C. Social Services	..	Full	Full	Conditional	New
D. Other	..	Full	Full	Conditional	New
<b>9. Tourism and travel related services</b>					
A. Hotels and restaurants (including catering)	Partial	Full	Full	Conditional	Improved
B. Travel agencies and tour operators services	Full	Full	Full	Conditional	Same
C. Tourist guides services	Partial	Full	Full	Conditional	Improved
D. Other	..	Full	Full	Conditional	New
<b>10. Recreational and cultural and sporting services</b>					
A. Entertainment services	Partial	Full	Full	Conditional	Improved
B. News agency services	Partial	Full	Full	Conditional	Improved
C. Libraries, archives, museums and other cultural services	..	Full	Full	Conditional	New
D. Sporting and other recreational services	Full	Full	Full	Conditional	Same
E. Other	..	Full	Full	Conditional	New
<b>11. Transport services</b>					
A. Maritime Transport Services	..	Partial	Partial	Conditional	New
B. Internal Waterways Transport	..	Partial	Excluded	Conditional	New
C. Air Transport Services	Partial	Partial	Excluded	Conditional	Narrower
D. Space Transport	..	Partial	Full	Conditional	New
E. Rail Transport Services	Partial	Partial	Full	Conditional	Improved
F. Road Transport Services	Partial	Partial	Full	Conditional	Similar
G. Pipeline Transport	Full	Partial	Full	Conditional	Similar
H. Services auxiliary to all modes of transport	Partial	Partial	Full	Conditional	Similar
I. Other Transport Services	..	Full	Full	Conditional	New
<b>12. Other services not included elsewhere</b>					
	..	Full	Full	Conditional	New

General Note: MFN and Horizontal limitations, as well as Mode 4 commitments/limitations not included. As there are no schedules of commitments or lists of reservations for existing or future non-conforming measures, liberalization under the Agreement is based on the principle of the alignment of the legislation of North Macedonia with that of the UK.

- a Progressive liberalization depends on the continued alignment of the legislation of North Macedonia to that of the UK (Article 67A).
- b Based on the sectoral coverage and progressive liberalization set out in the Agreement (incorporated Article 6).

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- Full: Specific commitments not subject to limitation(s) under market access or national treatment, under any of the three modes.
- Partial: Specific commitments subject to some limitation(s) under market access or national treatment, under any of the three modes.
- : No specific commitment (under GATS), or no specific reservation (under the Agreement).
- New: New commitments (full or partial, with or without limitations) which can, in most but not all cases, be seen as "improved".
- Improved: Overall improved commitments made under the Agreement compared to those under the GATS.
- Similar: Similar commitments; though possibly, in individual cases, with limited improvements and/or limited additional reservations.
- Excluded: Sector or sub-sector excluded from the coverage, or full reservation (under the Agreement).
- Conditional: Liberalization commitments are conditioned on the level of alignment of the legislation of North Macedonia with that of the UK.
- Source: The liberalization commitments under the incorporated Agreement (WT/REG129/5/Rev.1) and GATS Specific Commitments of North Macedonia (GATS/SC/138 series).

## **4.5 Regulatory provisions**

### **4.5.1 Domestic regulation**

4.68. There is no provision *per se* in the incorporated Agreement on domestic regulation in line with Article VI of the GATS.

### **4.5.2 Recognition**

4.69. The Agreement fully incorporates Article 52 that provides the possibility for mutual recognition of qualifications.

### **4.5.3 Subsidies**

4.70. As described in section 3.4.4 above, the Agreement does not include any specific provision on subsidies or State-aid, except for the incorporated Article 69 on competition and other economic provisions. Under paragraph 1 of Article 69, any public aid which distorts or threatens to distort competition by favouring certain undertakings or certain products is deemed as incompatible with the proper functioning of the Agreement.

### **4.5.4 Safeguards**

4.71. The Agreement fully incorporates Article 54 giving flexibilities to North Macedonia to introduce measures which could derogate from the provisions of incorporated Chapter II of Title V on the establishment of UK companies and nationals of certain industries undergoing restructuring, facing elimination of market share, or newly emerging industries during the first four years after the date of entry into force of the incorporated Agreement (2004-2008).

4.72. The Agreement also incorporates Article 65, in which the Parties agree to avoid the imposition of restrictive measures for balance of payments purposes.

4.73. For further details, see paragraphs 81-82 in document WT/REG129/5/Rev.1.

### **4.5.5 Other**

#### **4.5.5.1 Investment**

4.74. The Agreement incorporates, with no modification, Article 84 of Title VII of the EU-North Macedonia Agreement, which establishes cooperation between the Parties on investment promotion and protection matters.

4.75. The particular aim of such cooperation is (i) to improve a legal framework which favours and protects investment (for North Macedonia), (ii) the conclusion, where appropriate, of bilateral agreements for the promotion and protection of investment, (iii) the implementation of suitable arrangements for the transfer of capital, and (iv) the improvement of investment protection.

## 4.6 Sector specific provisions on trade in services

### 4.6.1 Financial services

4.76. Similar to the GATS Annex on Financial Services, incorporated Article 49.2 states that the Parties 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.

4.77. Further to incorporated Articles 47 and 49, the Agreement fully incorporates the provisions of Annex VI to the EU-North Macedonia Agreement, which defines the scope and definition of financial services for the purposes of the incorporated Agreement, which also to a large extent mirror the provisions of the GATS Annex on Financial Services.

### 4.6.2 Transport services

4.78. The Agreement incorporates Article 50, excluding air transport, inland waterways transport and maritime cabotage services from the provisions on establishment.

4.79. The supply of inland transport services is governed by the Agreement between the Governments of the Parties on International Road Transport which entered into force on 29 July 2005<sup>50</sup>, to facilitate international road transport between the Parties and in transit through their territories. It applies to passenger and goods transport, excluding cabotage.

4.80. With regard to international maritime transport, the Agreement incorporates the provisions of Article 57.2, which provides for the effective application by the Parties of the principle of unrestricted access to the market and traffic on a commercial basis. The provision does not prejudice the Parties' rights and obligations under the United Nations Code of Conduct for Liner Conferences. Non-conference liners are free to operate in competition with a conference liner as long as they adhere to the principle of fair competition on a commercial basis. Moreover, under incorporated Article 57.2 the Parties affirm their commitment to a freely competitive environment as being essential for dry and liquid bulk trade. In this context, the Parties commit not to introduce cargo-sharing clauses in future bilateral agreements with third parties, other than for exceptional circumstances. They also agree to abolish all unilateral measures and administrative, technical and other obstacles that could have restrictive or discriminatory effects on the free supply of services in international maritime transport (incorporated Article 57.3).

4.81. With a view to ensuring coordinated development and progressive liberalisation of transport between them adapted to their reciprocal commercial needs, the Parties agree to negotiate special agreements regarding the conditions of mutual market access in air transport (incorporated Article 57.4 with modifications).<sup>51</sup> Prior to the conclusion of such agreements, the Parties agree not to take any measures or actions which are more restrictive or discriminatory than before the entry into force of the Agreement (incorporated Article 57.5).

4.82. Further to the incorporated Article 57.6<sup>52</sup> with modifications, the Partnership, Trade and Cooperation Council shall examine ways of creating the conditions necessary for improving the freedom of providing air and inland transport services.

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<sup>50</sup> The provisions of the incorporated Article 57.1 have been modified further to the paragraph 6(g) of Annex I to the Agreement.

<sup>51</sup> Under the Agreement, in the incorporated Article 57.4, the reference to the entry into force of the Agreement has not been incorporated (para. 6(h), Annex I to the Agreement).

<sup>52</sup> The first sentence of Article 57.6 of the EU-North Macedonia Agreement that refers to the alignment of the legislation of North Macedonia to the one of the EU in the field of air and inland transportation, has not been incorporated (para. 6(i), Annex I to the Agreement).

## **5 GENERAL PROVISIONS OF THE AGREEMENT**

### **5.1 Transparency**

5.1. The Agreement does not contain specific transparency obligations. Only Articles 69 on competition and 85 on industrial cooperation provide that each Party shall ensure transparency in, respectively, public aid and industrial markets.

### **5.2 Current payments and capital movements**

5.2. The Agreement incorporates, with no modification, Articles 58 and 59 of the EU-North Macedonia Agreement, under Title V, on current payments and movement of capital. The Parties shall authorize, in freely convertible currency, any payment and transfer between their current accounts, in accordance with IMF regulations.

5.3. The Parties shall ensure the free movement of capital relating to direct investments in companies formed in accordance with the laws of the host country and investments in accordance with the provisions of the Agreement's Chapter II of Title V (on establishment), as well as the free movement of capital relating to the liquidation or repatriation of these investments and of any profit stemming therefrom (Article 59). The same provision applies to free movement between the Parties of capital for credits related to commercial transactions or to the provision of services in which a resident of one of the Parties is participating, and to financial loans and credits with a maturity longer than a year. As reported by North Macedonia, provisions of the incorporated Article 59 also apply without restrictions to the movement of capital relating to portfolio investment and financial loans and credits with a maturity shorter than a year.

5.4. The Parties commit to not introduce any new restriction on the movement of capital and current payments between their residents, and to not make the existing arrangements more restrictive (Article 59.3). Moreover, they commit to consult each other with a view to facilitating the movement of capital between themselves (Article 59.5).

5.5. The Agreement removes Article 60 of the Incorporated Agreement on the progressive application of EU rules on the free movement of capital.

### **5.3 Exceptions**

5.6. Incorporated Article 41 contains an exception for the prohibition or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures of artistic, historic or archaeological value or the protection of intellectual, industrial and commercial property, or rules relating to gold and silver.

5.7. According to Article 61 as incorporated, the provisions of Title V shall be applied subject to limitations justified on the grounds of public policy, public security, or public health.

5.8. Incorporated Article 116 covers the provisions for security exceptions.

5.9. Under incorporated Article 64, MFN treatment does not apply to tax advantages provided by the Parties on the basis of double taxation or other agreements. The Parties may also adopt or enforce any measure aimed at preventing the avoidance or evasion of taxes and apply relevant provisions of their fiscal legislation.

5.10. When one Party is in serious balance of payments difficulties, or under immediate threat thereof, it can, in accordance with the conditions established under the WTO Agreement, adopt restrictive measures, including measures relating to imports. The Party imposing such measures must inform the other Party forthwith, and the measures shall be of limited duration and not go beyond what is strictly necessary to remedy the balance of payments situation. Restrictive measures shall not, however, apply to transfers related to investment (Article 65).

5.11. In exceptional circumstances, when movements of capital between the Parties cause, or threaten to cause, serious difficulties for the operation of exchange rate or monetary policy in one

Party, the other Party may take safeguard measures with regard to movements of capital between them for a period not exceeding 6 months, if such measures are strictly necessary (Article 59.4).

5.12. The Parties may take any measure necessary to prevent the circumvention of their measures concerning third-country access to their markets under the provisions of the Agreement (incorporated Article 67).

#### **5.4 Accession and withdrawal**

5.13. Article 122 of the EU-North Macedonia Agreement is incorporated as such. It provides that the Agreement is concluded for an unlimited period of time and that each Party can denounce the Agreement by notifying the other Party. Consequently, the Agreement will cease to apply after six months of this notification.

5.14. No provision exists on accession to the Agreement.

#### **5.5 Institutional framework**

5.15. Under Article 9 of the Agreement the Council referred to in the incorporated Agreement as the Stabilisation and Association Council should be referred to as the Partnership, Trade and Cooperation Council. Similarly, the Stabilisation and Association Committee and the Stabilisation and Association Parliamentary Committee<sup>53</sup> shall be referred to as respectively the Partnership, Trade and Cooperation Committee and the Partnership, Trade and Cooperation Parliamentary Committee. As reported by the Parties, the Partnership, Trade and Cooperation Parliamentary Committee has not yet been established.

5.16. Unless the Parties agree otherwise, any decisions adopted by the Stabilisation and Association Council and its Committee established by the EU-North Macedonia Agreement before it ceased to apply to the United Kingdom shall, to the extent those decisions relate to the Parties to the Agreement, be deemed to have been adopted *mutatis mutandis* by the Partnership, Trade and Cooperation Council and its Committee (Article 9.2). The Partnership, Trade and Cooperation Council and its Committee can nevertheless take decisions which are different to, modify, revoke or supersede the decisions adopted by the Stabilisation and Association Council and its Committee (Article 9.3).

5.17. The Agreement can be amended in writing at the request of the Parties. Its Annexes and Protocols can be amended by the Partnership, Trade and Cooperation Council if the Parties decide to adopt its decision (Article 11).

5.18. Title X of the incorporated Agreement, as modified, provides that the Partnership, Trade and Cooperation Council shall supervise the application and implementation of the Agreement, and shall meet at an appropriate level at regular intervals and when circumstances require. Any major issues arising within the framework of this Agreement and any other bilateral or international issues of mutual interest shall be examined by the Council (incorporated Article 108). Decisions taken by the Council shall be binding on the Parties, which shall take the necessary measures to implement them (incorporated Article 110).

5.19. Under the new Article 67A, provisions were added on possible consultations between the Parties if they consider that the necessary level of alignment of their legislation on the movement of workers, establishment, supply of services and capital is no longer reached. If the matter is not resolved within 45 days of the consultation request, a Party may suspend the operation of the relevant provisions.

#### **5.6 Relationship with other agreements concluded by the parties**

5.20. The Agreement is based on the EU-North Macedonia Agreement and as indicated in Section 2.1, incorporates most of its provisions. In addition, in the incorporated preamble, the

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<sup>53</sup> As envisaged in the incorporated with modifications Article 114 of the EU-North Macedonia Agreement.

Parties affirm their commitment to free trade in compliance with the rights and obligations arising out of the WTO.

5.21. Further to the partially incorporated Article 11 of Title III (regional cooperation), the Parties agree to actively promote regional cooperation and support projects having a regional or cross-border dimension through technical assistance programmes. Provisions on cooperation with other countries having signed a Stabilisation and Association Agreement, or countries concerned by the Stabilisation and Association Process, or candidate countries for EU accession as set out in Articles 12-14 of the EU-North Macedonia Agreement, respectively, have not been incorporated into the Agreement.<sup>54</sup>

5.22. Table 5.1 below shows the Parties' RTAs in force, notified and non-notified, other than the Agreement.

**Table 5.1 United Kingdom and North Macedonia: participation in other RTAs (notified and non-notified in force), as of 24 March 2023**

RTA Name	Entry into force <sup>a</sup>	Coverage	GATT/WTO Notification	
			Year	WTO Provision
<b>UNITED KINGDOM</b>				
United Kingdom – Iceland, Liechtenstein and Norway	01-Dec-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom – Mexico	01-Jun-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom – Serbia	20-May-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Albania	03-May-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Jordan	01-May-21	Goods	2021	GATT Art. XXIV
United Kingdom - Ghana	05-Mar-21	Goods	2021	GATT Art. XXIV
EU - United Kingdom	01-Jan-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Cameroon	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Canada	01-Jan-21 01-Apr-21	Goods Services	2020 2021	GATT Art. XXIV GATS Art. V
United Kingdom - CARIFORUM States	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Central America	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom – Chile	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom – Colombia, Ecuador and Peru	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Côte d'Ivoire	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Eastern and Southern Africa States	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Egypt	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Faroe Islands	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Georgia	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Israel	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Japan	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Kenya	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Kosovo <sup>b</sup>	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Lebanon	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Morocco	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Pacific States	01-Jan-21	Goods	2020	GATT Art. XXIV
• <i>United Kingdom - Pacific States - Accession of Samoa</i>	01-Jan-21	Goods	2020	GATT Art. XXIV
• <i>United Kingdom - Pacific States - Accession of Solomon Islands</i>	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Palestine	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Republic of Korea	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V

<sup>54</sup> Paragraph 4 of Annex I to the Agreement.

RTA Name	Entry into force <sup>a</sup>	Coverage	GATT/WTO Notification	
			Year	WTO Provision
United Kingdom - Republic of Moldova	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - SACU and Mozambique	01-Jan-21	Goods	2021	GATT Art. XXIV
United Kingdom - Singapore	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Switzerland - Liechtenstein	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Tunisia	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Türkiye	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Ukraine	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Viet Nam	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
<b>NORTH MACEDONIA</b>				
Central European Free Trade Agreement (CEFTA) 2006	01-May-07 11-Jan-21	Goods Services	2007	GATT Art. XXIV Not notified
EFTA - North Macedonia	01-May-02	Goods	2000	GATT Art. XXIV
Ukraine - North Macedonia	05-Jul-01	Goods	2008	GATT Art. XXIV
EU - North Macedonia	01-Jun-01 01-Apr-04	Goods Services	2001 2009	GATT Art. XXIV GATS Art. V
Türkiye - North Macedonia	01-Sep-00	Goods	2001	GATT Art. XXIV

- a Dates of the first entry into force/provisional application for at least one of the Parties. Where dates of provisional application have been provided by the Parties, further notifications to confirm the dates of entry into force are awaited.
- b Reference to Kosovo in this table shall be understood to be in the context of the United Nations Security Council resolution 1244 (1999).

Source: WTO Secretariat. Further information on these Agreements and on specific dates of entry into force/provisional applications may be found in the WTO Database on RTAs: <http://rtais.wto.org>.

## 5.7 Government procurement

5.23. Article 72 of the incorporated Agreement governs public contracts. Its first paragraph declares that the Parties consider the opening-up of the award of public contracts on the basis of non-discrimination and reciprocity, in particular in the WTO context, to be a desirable objective.

5.24. Companies of a Party, whether or not established in the other Party's territory shall be granted access to contract award procedures in the other Party pursuant to relevant domestic regulations under treatment no less favourable than that accorded to domestic companies.

5.25. The UK will periodically examine the possibility of applying these provisions to contracts in the utilities sector.

5.26. The UK is party to the WTO Government Procurement Agreement (GPA) 2012 since 1 January 2021 (and the GPA 1994 as a member of the European Union). North Macedonia has been an observer since 27 June 2013 and is currently negotiating accession to the WTO GPA.

## 5.8 Intellectual property rights

5.27. Article 71 of the incorporated Agreement, as modified, covers intellectual industrial and commercial property. Pursuant to the provisions of the incorporated Article 71 and Annex VII, the Parties confirm their attachment to ensuring adequate and effective protection and enforcement of intellectual, industrial, and commercial property rights. As reported by North Macedonia, it acceded to the multilateral conventions on intellectual, industrial, and commercial property rights referred to Annex VII of the incorporated Agreement.<sup>55</sup>

<sup>55</sup> These are: the Budapest Treaty (1977), the Madrid Protocol (1989), the International Convention for the Protection of New Varieties of Plants (1991).



5.28. If problems occur in the areas of intellectual, industrial, and commercial property affecting trading conditions, they shall be referred urgently by either Party to the Partnership, Trade and Cooperation Council with a view to reaching mutually satisfactory solutions.

### 5.9 Competition

5.29. Under the incorporated Article 69, as modified, the following are deemed incompatible with the proper functioning of the Agreement, insofar as they may affect trade between the Parties: i) agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition, ii) abuse by one or more undertakings of a dominant position in the territories of the Parties as a whole or in a substantial part thereof, iii) any public aid which distorts or threatens to distort competition by favouring certain undertakings or products. The requirement on public aid does not apply to agriculture and fisheries (incorporated Article 69.4); and each Party shall ensure transparency in the area of public aid, *inter alia* by reporting annually to the other Party on the total amount and the distribution of the aid given, and by providing upon request information on aid schemes. The first public aid notification is to be provided within five years of this agreement entering into force (incorporated Article 69.3(b)). Information on particular individual cases of public aid shall also be provided upon request.

5.30. In the event of practices incompatible with the requirements of the incorporated Article 69, and if such practices cause or threatens to cause serious injury to the interests of the other Party or material injury to its domestic industry, including its services industry, the injured Party can take appropriate measures after consultation within the Partnership, Trade and Cooperation Council or after 30 working days following referral for such consultation. If the practice is incompatible with the requirement, on public aid, appropriate measures may only be adopted in accordance with the WTO Agreement where it applies, or the relevant UK legislation (Article 69.5)

5.31. The Parties shall ensure that, with regard to public undertakings and undertakings to which special or exclusive rights have been granted, no measure distorting trade between them that is contrary to their interests is either enacted or maintained. This should not obstruct the performance of the particular tasks assigned to those undertakings (Article 70 of the incorporated Agreement as modified).

### 5.10 Environment

5.32. Under Title VIII (cooperation policies) of the incorporated Agreement policies designed to bring about the economic and social development of North Macedonia should ensure that environmental considerations are fully incorporated and linked to the requirements of harmonious social development (incorporated Article 80).

5.33. Sector-specific provisions also apply, such as the incorporated Article 85 on industrial cooperation and Article 98 on transport. Both provide that as cooperation aims at *inter alia* promoting the modernisation and restructuring of industry and transport and related infrastructure in North Macedonia, the conditions applied should ensure that the environment is protected. Under Article 99 cooperation between Parties shall include, among other activities, the promotion of energy saving, energy efficiency, renewable energy and studying the environmental impact of energy production and consumption.

5.34. Furthermore, under incorporated with modifications Article 103, the Parties shall develop and strengthen cooperation in combating environmental degradation, with the view to supporting environmental sustainability. This objective is to be put into practice through cooperation activities such as, among others, combating and establishing effective monitoring of cross-border pollution, water pollution, soil erosion or pollution by agricultural chemicals.

### 5.11 Labour

5.35. Other than provisions under Title V (Movement of Workers) of the Agreement, there is one additional provision on social cooperation under incorporated Article 90 of Title VIII (cooperation policies) of the incorporated Agreement, covering cooperation on employment services and training,

social security, working conditions and equal opportunities for women and men, and the health and safety of workers.

### **5.12 Electronic commerce**

5.36. Incorporated Article 95, with modifications, lays out provisions on electronic communications infrastructure and associated services. The Parties commit to strengthen their cooperation in these fields, including classical telecommunications networks and relevant electronic audio-visual transport networks, and associated services. They also agree to strengthen cooperation with the objective of further developing the Information Society in North Macedonia to prepare society as a whole for the digital age, attracting investments and interoperability of networks and services (incorporated Article 96).

### **5.13 Small and medium-sized enterprises**

5.37. The Agreement does not contain provisions on small and medium-sized enterprises (SMEs) other than Article 86, unchanged from the incorporated Agreement, under which the Parties aim to develop and strengthen private sector SMEs, the establishment of new undertakings in areas offering potential for growth, and cooperation between SMEs in both Parties.

## ANNEX 1

## INDICATORS OF TRADE LIBERALIZATION UNDER THE AGREEMENT

1. The following tables present tariffs liberalized under the Agreement. A comparison is made between bilateral preferential tariffs and the MFN tariffs applicable to these products.

## UNITED KINGDOM

2. Table A1.1 shows tariff liberalization by the UK applied to imports from North Macedonia. In 2021, the UK's overall MFN average tariff was of 3.8% (2.5% for industrial products and considerably higher at 8.9% for agricultural products). Under the Agreement the overall average tariff for imports from North Macedonia was 0.1%, and zero and 0.3% for industrial and agricultural products respectively). This gave exporters from North Macedonia a relative margin of preference of 97.4% overall, and 100% and 96.6% respectively for industrial and agricultural exports. In total, less than half of tariff lines were duty-free on an MFN basis (47%) compared to virtually all tariff lines for North Macedonia (97.7%). All tariff lines under HS Chapters 25-97 (industrial products) were duty-free for North Macedonia, compared to only 57.1% of lines on an MFN basis. For agricultural products 91.4% of tariff lines are duty free for imports from North Macedonia, compared to 18.8% on an MFN basis.

**Table A1.1 United Kingdom: Indicators of MFN and preferential rates for imports from North Macedonia**

Origin of goods	Year	ALL PRODUCTS			HS Chapters 01-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	3.8	7.8	47.0	8.9	12.0	18.8	2.5	5.8	57.1
<b>North Macedonia</b>	<b>2021</b>	<b>0.1</b>	<b>9.8</b>	<b>97.7</b>	<b>0.3</b>	<b>9.8</b>	<b>91.4</b>	<b>0.0</b>	<b>0.0</b>	<b>100.0</b>

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are excluded, and the *ad valorem* part of alternate rates are included. For the tariff lines subject to seasonal duties<sup>1</sup>, the average rate for the entire year is used for the calculation. The products classified beyond the HS 8-digit level are counted once and their tariff rates are averaged to the 8-digit level.

Source: WTO estimates based on data provided by the UK.

3. Table A1.2 shows additional market access in the UK under the Agreement for North Macedonia's top 25 global exports which accounted for 66.8% of its total exports in 2018-20. These 25 top global exports corresponded to 87 lines in the UK's tariff at the six-digit level (using the HS 2017). Out of these 87 lines, 44 already benefited from MFN duty-free access, while the remaining 43 benefit from duty-free access under the Agreement. Thus, none of North Macedonia's top 25 global exports remain dutiable in the UK.

<sup>1</sup> Tariff lines 0302.41.00, 0302.43.90, 0302.44.00, 0303.51.00, 0303.53.90, 0303.54.10, 0303.89.40, 0304.59.50, 0304.99.23, 0702.00.00, 0708.10.00, 0805.10.22, 0805.10.24, 0805.10.28, 0808.10.80, 0808.30.90, 0809.29.00 and 0809.40.05 are subject to MFN seasonal duties.

**Table A1.2 United Kingdom: Market access opportunities under the agreement for North Macedonia's top 25 exports to the world**

North Macedonia's top export products in 2018-2020		Access Conditions to UK's markets					
HS number and description		Share in global exports (%)	MFN 2021			No. of duty free lines under the Agreement 2021	Remain Dutiable
			Average Tariff (%)	No. of duty-free lines	No. of dutiable lines		
381512	Supported catalysts with precious metal	18.1	6.0		1	1	
842139	Machinery and apparatus for filtering or purifying gases	11.1	0.0	4			
854430	Ignition wiring sets and other wiring sets for vehicles, aircraft or ships	8.2	1.8		1	1	
940190	Parts of seats	3.2	1.3	1	2	2	
720260	Ferro-nickel	2.8	0.0	1			
381590	Reaction initiators, reaction accelerators and catalytic preparations	2.6	3.0	1	1	1	
870210	Motor vehicles	2.5	13.0		4	4	
853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution of electricity	2.3	1.5	1	3	3	
240110	Tobacco	2.0	*		5	5	
870895	Safety airbags with inflator system and parts thereof	1.4	2.7		3	3	
730661	Tubes and pipes and hollow profiles, welded, of square or rectangular cross-section, of iron or steel	1.4	0.0	3			
260700	Lead ores and concentrates	1.1	0.0	1			
300490	Medicaments	1.1	0.0	1			
720851	Flat-rolled products of iron or non-alloy steel	1.0	0.0	3			
720852	Flat-rolled products of iron or non-alloy steel	1.0	0.0	3			
271019	Medium oils and preparations	0.9	1.2	12	13	13	
620520	Men's or boys' shirts of cotton	0.9	12.0		1	1	
721070	Flat-rolled products of iron or non-alloy steel	0.8	0.0	2			
260300	Copper ores and concentrates	0.8	0.0	1			
260800	Zinc ores and concentrates	0.7	0.0	1			
850710	Lead-acid accumulators of a kind used for starting piston engine "starter batteries"	0.7	1.0		2	2	
251512	Marble and travertin	0.6	0.0	1			
190590	Bread, pastry, cakes, biscuits and other bakers' wares	0.6	6.6		7	7	
271600	Electrical energy	0.6	0.0	1			
730630	Tubes, pipes and hollow profiles, welded, of circular cross-section	0.5	0.0	7			
<b>Total</b>		<b>66.8</b>	<b>2.1</b>	<b>44</b>	<b>43</b>	<b>43</b>	<b>0</b>

\* dutiable tariff lines are subject to specific rates only.

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are excluded, and the *ad valorem* part of alternate rates are included. For the tariff lines subject to seasonal duties, the average rate for the entire year is used for the calculation. The products classified beyond the HS 8-digit level are counted once and their tariff rates are averaged to the 8-digit level.

Source: WTO estimates based on data provided by UK and UNSD Comtrade Database.

**NORTH MACEDONIA**

4. North Macedonia's applied tariff on an MFN basis is of 8.6%, compared to 3.1% for imports from the UK. 40.0% of tariff lines are duty-free under its MFN treatment, while more than 90% of lines benefit from duty-free access for imports from the UK. Industrial products under HS Chapters 25-97 from the UK are granted full duty-free access, while they are overall subject to a 6% rate of duty on an MFN basis. Agricultural products (HS Chapters 01-24) benefit from less favourable liberalization under the Agreement. The share of duty-free tariff lines for the UK is of 64% with an overall average applied tariff on agricultural products of 11.6%. The UK still benefits from facilitated access compared to MFN treatment with an overall average applied tariff of 15.9% and only 35.8% of duty-free tariff lines.

**Table A1.3 North Macedonia: Indicators of MFN tariff rates and preferential rates for imports from the UK**

Origin of goods	Year	ALL PRODUCTS			HS chapters 01-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	8.6	14.4	40.0	15.9	24.7	35.8	6.0	10.3	41.4
UK	2021	3.1	32.2	90.4	11.6	32.3	64.0	0.0	2.0	100.0

Note: For the tariff lines subject to TRQs only the out-of-quota duty is included in the tariff-related calculations and for the calculation of averages, specific rates are excluded. Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by North Macedonia's authorities.

5. Additional market access opportunities in North Macedonia for UK's top 25 global exports is presented in Table A1.4. The top 25 global exports accounted in 2018-20 for 38.4% of the UK's total exports, divided into 110 tariff lines. Out of them, 27 were already granted duty-free access by North Macedonia on an MFN basis. Under the Agreement, the remaining 83 lines were liberalized, and none of the UK's top 25 global exports tariff lines are dutiable.

**Table A1.4 North Macedonia: Market access opportunities under the agreement for the UK's top 25 exports to the world.**

United Kingdom's top export products in 2018 - 2020			Access Conditions to North Macedonia's import markets				Remain dutiable
HS number and description		Share in global exports (%)	MFN 2021			No. of duty free lines under the Agreement 2021	
			Average Tariff (%)	No. of duty-free lines	No. of dutiable lines		
710813	Gold, incl. gold plated with platinum	5.6	3.5	1	1	1	
270900	Petroleum oils	4.9	6.7	1	2	2	
300490	Medicaments	3.2	5.0		1	1	
880330	Parts of aeroplanes or helicopters, n.e.s.	2.9	0.0	1			
841112	Turbojets of a thrust > 25 kn	2.6	7.0		3	3	
870323	Motor cars and other motor vehicles principally designed for the transport of <10 persons, of a cylinder capacity > 1.500 cm <sup>3</sup> but <= 3.000 cm <sup>3</sup>	2.4	5.0		9	9	

United Kingdom's top export products in 2018 - 2020		Access Conditions to North Macedonia's import markets					Remain dutiabale
HS number and description		Share in global exports (%)	MFN 2021			No. of duty free lines under the Agreement 2021	
			Average Tariff (%)	No. of duty- free lines	No. of dutiabale lines		
841191	Parts of turbojets or turbopropellers, n.e.s.	2.1	0.0	1			
870324	Motor cars and other motor vehicles principally designed for the transport of <10 persons, of a cylinder capacity >3.000 cm <sup>3</sup>	1.7	5.0		2	2	
220830	Whiskies	1.3	0.0	11			
271012	Light oils and preparations	1.3	18.6		11	11	
970110	Paintings, e.g. oil paintings, watercolours and pastels, and drawings executed entirely by hand	1.3	7.0		1	1	
870322	Motor cars and other motor vehicles principally designed for the transport of <10 persons, of a cylinder capacity > 1.000 cm <sup>3</sup> but <= 1.500 cm <sup>3</sup>	1.2	5.0		2	2	
711319	Articles of jewellery and parts thereof, of precious metal other than silver	1.0	15.0		1	1	
271019	Medium oils and preparations	1.0	13.9	1	24	24	
870332	Motor cars and other motor vehicles principally designed for the transport of <10 persons, of a cylinder capacity > 1.500 cm <sup>3</sup> but <= 2.500 cm <sup>3</sup>	0.7	5.0		6	6	
300220	Vaccines for human medicine	0.6	0.0	2			
870340	Motor cars and other motor vehicles principally designed for the transport of <10 persons, of a cylinder capacity > 1.500 cm <sup>3</sup> but <= 2.500 cm <sup>3</sup>	0.6	5.0		2	2	
711021	Palladium, unwrought or in powder form	0.6	0.0	1			
300215	Immunological products, for retail sale	0.6	0.0	1			
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or other data	0.6	0.0	1			
382200	Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents	0.5	0.0	1			
490199	Printed books, brochures and similar printed matter	0.5	0.0	2			

United Kingdom's top export products in 2018 - 2020		Access Conditions to North Macedonia's import markets					Remain dutiab le
HS number and description		Share in global exports (%)	MFN 2021			No. of duty free lines under the Agreement 2021	
			Average Tariff (%)	No. of duty- free lines	No. of dutiab le lines		
870333	Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, with only diesel engine of a cylinder capacity > 2.500 cm <sup>3</sup>	0.5	5.0		6	6	
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine"	0.4	14.3		12	12	
870899	Parts and accessories, for tractors, motor vehicles	0.4	0.0	3			
<b>Total of above</b>		<b>38.4</b>		<b>27</b>	<b>83</b>	<b>83</b>	<b>0</b>

Note: For the calculation of averages, specific rates are excluded. Based on the HS 2017 nomenclature.

Source: WTO estimates based on data from North Macedonia and the UK authorities.

## ANNEX 2

## TARIFF RATE QUOTAS UNDER THE AGREEMENT

Table A2.1 United Kingdom: Products subject to TRQs from North Macedonia

TRQs/Product's HS Codes	Tariff rates under the Agreement		MFN Rates
	In-quota	Out-of-quota	
<b>TRQ1: Products from HS Chapters 01 and 02 (225 tonnes)</b>			
0102295110, 0102295911, 0102295921, 0102295931, 0102295991, 0102299110, 0102299921, 0102299991	2% + 15 GBP/100 kg	MFN	10% + 77 GBP/100 kg
0201100092, 0201100094, 0201202092, 0201202094	2.5% + 29 GBP/100 kg	MFN	12% + 147 GBP/100 kg
0201203092, 0201203094	2.5% + 23 GBP/100 kg	MFN	12% + 118 GBP/100 kg
0201205092, 0201205094	2.5% + 35 GBP/100 kg	MFN	12% + 177 GBP/100 kg
<b>TRQ2: Products from HS Chapter 17 (953 tonnes)<sup>a</sup></b>			
17011210, 17011310*, 17011410*	0%	MFN	28 GBP/100 kg/std qual
17011290, 17011390, 17011490, 17019100, 17019910, 17019990	0%	MFN	35 GBP/100 kg
17021100, 17021900	0%	MFN	11 GBP/100 kg
17022010, 17026080, 17026095, 17029071, 17029080, 17029095	0%	MFN	0.30 GBP /100 kg/% sacchar.
17022090	0%	MFN	8%
17023010, 17024010, 17026010, 17029030	0%	MFN	42 GBP/100 kg/net dry
17023050	0%	MFN	22 GBP/100 kg
17023090, 17024090, 17029050, 17029079	0%	MFN	16 GBP/100 kg
17025000	0%	MFN	16% + 42 GBP/100 kg/net dry
17029010	0%	MFN	12%
17029075	0%	MFN	23 GBP/100 kg
<b>TRQ3: Products from HS Chapter 22 (18,114 hl)<sup>b</sup></b>			
22041093, 22041094, 22041096, 22041098, 22042106, 22042107, 22042108, 22042109	0%	MFN	26 GBP/hl
2204219319, 2204219419, 2204219611, 2204219811	0%	MFN	10 GBP/hl
2204219329, 2204219429, 2204219821, 2204219621	0%	MFN	12 GBP/hl
2204219331, 2204219631, 2204219431, 2204219831	0%	MFN	15 GBP/hl
2204219341, 2204219641, 22042195*, 2204219441, 22042197*, 2204219841	0%	MFN	17 GBP/hl
2204219451, 2204219351, 2204219851, 2204219651	0%	MFN	1.40 GBP/% vol/hl
<b>TRQ4: Products from HS Chapter 22 (47,262 hl)<sup>c</sup></b>			
22042210, 22042910	0%	MFN	26 GBP/hl
2204229421, 2204229621, 2204299421, 2204229821, 2204299621, 2204299821	0%	MFN	10 GBP/hl
2204229431, 2204299431, 2204229831, 2204299631, 2204229631, 2204299831	0%	MFN	12 GBP/hl
2204229451, 2204229651, 2204229851, 2204299651, 2204299451, 2204299851	0%	MFN	1.40 GBP/% vol/hl
22042295*, 2204229641, 2204229841, 22042293*, 22042993*, 2204229441, 22042995*, 22042297*, 2204299641, 22042997*, 2204299441, 2204299841	0%	MFN	17 GBP/hl
2204229811, 2204299411, 2204229411, 2204299611, 2204229611, 2204299811	0%	MFN	8.20 GBP/hl



TRQs/Product's HS Codes	Tariff rates under the Agreement		MFN Rates
	In-quota	Out-of-quota	
<b>TRQ5: Products from HS Chapter 22 (681 hl)<sup>d</sup></b>			
2204219319, 2204219419, 2204219711, 2204219611, 2204219511, 2204219811, 2204229520, 2204229320, 2204229720, 2204229421, 2204299320, 2204229821, 2204299821, 2204299520, 2204229621, 2204299621, 2204299421, 2204299720	0%	MFN	10 GBP/hl
2204219329, 2204219429, 2204219721, 2204219521, 2204219821, 2204219621	0%	MFN	12 GBP/hl
2204229611, 2204229310, 2204229411, 2204299611, 2204229710, 2204299710, 2204299811, 2204229510, 2204299510, 2204299411, 2204299310, 2204229811	0%	MFN	8.20 GBP/hl

\* Tariff lines also subject to MFN TRQs.

a In 2021, 953 tonnes from 01-10 to 30-09; 713 tonnes for pro rata quota volume from 01-01 to 30-09 for TRQ2.

b There is an annual volume increase of 817 hl for TRQ3.

c This quota will be reduced by an annual amount of 817 hl, corresponding to the annual increase of the volume for TRQ3. The parties may decide to increase the amount of this annual transfer in quota volume.

d This quota can only be used after the other quotas for wine have been used.

Source: Based on data provided by the UK.

**Table A2.2 North Macedonia: Products subject to TRQs from the United Kingdom.**

TRQs/Product's HS Codes	Tariff rates under the Agreement		Average MFN 2021
	In-quota	Out-of-quota	
<b>Meat of swine, fresh, chilled or frozen (27 tonnes)</b>			
020311, 020312, 020319	50% of MFN	MFN	5%+0.43 eur/kg max.39
020321, 020322, 020329	50% of MFN	MFN	0.42 eur/kg max.26
<b>Meat of swine, fresh, chilled or frozen (272 tonnes)</b>			
020311, 020312, 020319	70% of MFN	MFN	5%+0.43 eur/kg max.39
020321, 020322, 020329	70% of MFN	MFN	0.42 eur/kg max.26
<b>Carp live (10 tonnes)</b>			
03019300	0%	70% MFN	15%+0,28 eur/kg max.34
<b>Milk and cream, of a net content not exceeding two litres (109 tonnes)</b>			
040110	0%	MFN	25%+0.05 eur/kg max.385
<b>Milk and cream, of a fat content, by weight, exceeding 1% but not exceeding 6% (327 tonnes)</b>			
040120	0%	MFN	25%+0.05 eur/kg max.37
<b>Yogurt (177 tonnes)</b>			
0403101100, 0403101300	0%	MFN	25%
<b>Other yogurt (50 tonnes)</b>			
04011051, 04031053, 04031091, 04031093, 04031099, 04039091, 04039093	0%	50% MFN	21.4%
<b>Cheese and curd (5 tonnes)</b>			
0406103000, 0406105000, 0406108000	0%	MFN	25%+0.62 eur/kg max.45
<b>Other buttermilk (178 tonnes)</b>			
0403905100, 0403905300, 0409905900	0%	MFN	20%
<b>Grated and powdered cheese, of all kinds (42 tonnes)</b>			
0406200000	0%	70% MFN	25%
040630	0%	70% MFN	10%+0.62 eur/kg max.32
<b>Blue-veined cheese and other containing veins produced by "Penicillium roqueforti" (82 tonnes)</b>			
040640	70% of MFN	MFN	25%
<b>Other cheese (89 tonnes)</b>			
040690 except 04069021, 04069029, 04069050, 04069099	0%	MFN	0.62 eur/kg max.35

TRQs/Product's HS Codes	Tariff rates under the Agreement		Average MFN 2021
	In-quota	Out-of-quota	
0406902100	0%	MFN	0.6 eur/kg max.32
0406902900	0%	MFN	30%+0.62 eur/kg max.55
04069050, 04069099	0%	MFN	30%+0.62 eur/kg max.66
<b>Potatoes, fresh or chilled, for the manufacture of starch, New (14 tonnes)<sup>1</sup></b>			
0701901000, 0701905000	50% of MFN	MFN	40%
<b>Other potatoes, fresh or chilled (61 tonnes)</b>			
0701909000	0%	MFN	30%
<b>Onions and shallots (41 tonnes)</b>			
0703101950, 0703101990	0%	MFN	33.5%+0.04 eur/kg max.60
<b>Other sunflower-seed or safflower oil and fractions (14 tonnes)</b>			
1512199000	0%	MFN	15%+0.1 eur/kg max.29
<b>Margarine, excluding liquid margarine (61 tonnes)</b>			
151710	0%	MFN	15%+0.2 eur/kg max.375
<b>Sausages and similar products of meat (463 tonnes)</b>			
160100	0%	70% MFN	10%+0.43 eur/kg max.33
<b>Other prepared or preserved meat, meat offal and blood (279 tonnes)</b>			
1602 except 160241, 160242 and 160249	0%	70% MFN	5%
160241, 160242, 160249			10%+0.43 eur/kg max.27
<b>Other sugar confectionery (including white chocolate) not containing cocoa (52 tonnes)</b>			
1704901000, 1704905100, 1704909900	0%	50% MFN	15%
1704903000, 1704905500, 1704906100, 1704906500, 1704907100, 1704907500, 1704908100			11.43%+0.24 eur/kg max.20
<b>Chocolate and other food preparations containing cocoa (157 tonnes)</b>			
180620	0%	50% MFN	27.5%
180631, 180632, 180690			20.18%+0.19 eur/kg max.28
<b>Pasta whether or not cooked or stuffed (29 tonnes)</b>			
190211, 190219	0%	50% MFN	20%+0.17 eur/kg max.54
190220, 190230, 190240			30%
<b>Bread, pastry cakes, biscuits and other bakers' wares (195 tonnes)</b>			
190510, 190520, 190540, 1905907010, 1905908010	0%	50% MFN	25%
190531, 190532, 19059010, 19059020, 19059030, 19059045, 19059055, 1905907090, 1905908090			25.24%+0.17 eur/kg max.29
<b>Cucumbers and gherkins (5 tonnes)</b>			
2001100000	0%	MFN	50%
<b>Mushrooms and truffles (7 tonnes)</b>			
2003102000, 2003103000, 2003901000	0%	MFN	40%
<b>Other potatoes (20 tonnes)</b>			
2005202000, 2005208000	0%	MFN	40%
<b>Peas (<i>Pisum sativum</i>) (8 tonnes)</b>			
2005400000	0%	MFN	40%
<b>Fruit juices (including grape must) and vegetable juices (41 tonnes)</b>			
200911	0%	MFN	12%
200912			20%
200919 except 2009199110, 2009199810			6%+0.13 eur/kg max.30
2009199110, 2009199810			0%
2009210000			20%+0.13 eur/kg max.44
200929 except 2009299910			20%+0.13 eur/kg max.44
2009299910			0%
200931			20%+0.13 eur/kg max.44
200939 except 2009393110 and 2009393910			20%+0.13 eur/kg max.44
2009393110, 2009393910			0%
200941			20%+0.13 eur/kg max.46
200949 except 2009493010 and 2009499910			20%+0.13 eur/kg max.46
2009493010, 2009499910			0%
200950			40%+0.13 eur/kg max.59
200961, 200969			40%+0.13 eur/kg max.55

<sup>1</sup> As per Annex IV(b), the in-quota rate for 0701 90 is zero for 61 MT and the standard MFN outside this amount. However, once this TRQ is exhausted, as per Annex IV(c), the product 0701 90 is subject to a 14 MT quota at 50% of the MFN rate.

TRQs/Product's HS Codes	Tariff rates under the Agreement		Average MFN 2021
	In-quota	Out-of-quota	
200971, 200979 200981 except 2009815100			40%+0.13 eur/kg max.64 26.7%+0.13 eur/kg max.48
2009815100			30%
200989 except 2009898500, 2009898600, 2009899610, 2009899710, 2009899910			31%+0.13 eur/kg max.54
2009898500, 2009898600, 2009899610, 2009899710, 2009899910			14%
200990 except 2009904910, 2009905110, 2009905910, 2009907100, 2009909200, 2009909400			16.25%+0.13 eur/kg max.29
2009904910, 2009905110, 2009905910, 2009907100, 2009909200, 2009909400			16.67%
<b>Active yeasts (116 tonnes)</b>			
210210 except 2102101000	0%	MFN	30%+0.28 eur/kg max.55
2102101000			30%
<b>Prepared baking powders (5 tonnes)</b>			
2102300000	0%	MFN	30%
<b>Sauces and preparations therefor (14 tonnes)</b>			
2103 except 2103909050	0%	MFN	19.44%
2103909050			18%+0.2 eur/kg max.30
<b>Soups and broths and preparations therefor (61 tonnes)</b>			
2104100000	0%	50% of MFN	5%+1.32 eur/kg max.40
<b>Waters, not containing added sugar (143 tonnes)</b>			
220110, 220190	0%	50% of MFN	35%
<b>Waters, not containing added sugar (20 tonnes)</b>			
220110, 220190	12%	50% of MFN	35%
<b>Waters, containing added sugar (227 tonnes)</b>			
2202	0%	50% of MFN	36.82%
<b>Quality sparkling wine, wine of fresh grapes (220,700 hl)</b>			
220410	0%	MFN	45%
220421			50%
<b>Cigarettes containing tobacco (14 tonnes)</b>			
2402201000, 2402209000	0%	70% of MFN	60%
<b>Cigarettes containing tobacco (37 tonnes)</b>			
2402201000, 2402209000	27%	70% of MFN	60%

Source: Data submitted by the authorities from North Macedonia.