The following text reproduces the Interim Agreements* between the European Communities and the Czech and Slovak Federal Republic, Hungary and Poland.

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INTERIM AGREEMENT ON TRADE AND TRADE-RELATED MATTERS BETWEEN
THE EUROPEAN ECONOMIC COMMUNITY AND THE EUROPEAN
COAL AND STEEL COMMUNITY, OF THE ONE PART,
AND THE CZECH AND SLOVAK FEDERAL REPUBLIC,
OF THE OTHER PART

The European Economic Community and the European Coal and Steel Community, hereinafter referred to as "the Community",

of the one part,

and the Czech and Slovak Federal Republic, hereinafter referred to as "the CSFR",

of the other part,

Whereas the Europe Agreement establishing an association between the European Communities and their Member States and the CSFR was signed in Brussels on 16 December 1991;

Whereas the aim of the Europe Agreement is to provide an appropriate framework for political dialogue; it is to govern commercial and economic relations between the Parties and includes provisions relating to financial co-operation and assistance and the promotion of co-operation in cultural matters;

*The Annexes and Protocols thereto have been submitted to the secretariat for consultation by interested contracting parties (office 2076).

92-0407
Whereas the Europe Agreement is intended to strengthen and widen the relations established previously, notably by the Agreement on Trade and Commercial and Economic Co-operation between the European Economic Community and the CSFR signed on 7 May 1990 and the Protocol on Trade and Commercial and Economic Co-operation between the European Coal and Steel Community and the CSFR initialled on 28 June 1991;

Whereas it is necessary to ensure the development of trade relations between the implementation of the Agreements on Trade and Commercial and Economic Co-operation and that of the Europe Agreement;

Whereas to this end it is necessary to implement as speedily as possible, by means of an interim agreement, provisions of the Europe Agreement on Trade and Trade-Related Matters;

Whereas it is necessary to ensure that pending the entry into force of the Europe Agreement and the establishment of the Association Council, the Joint Committee set up by the Agreement on Trade and Commercial and Economic Co-operation can exercise the powers assigned by the Europe Agreement to the Association Council which are necessary in order to implement the Interim Agreement;

Have decided to conclude this Agreement and to this end have designated as their plenipotentiaries,

The European Economic Community:

The European Coal and Steel Community:

The Government of the Republic of the CSFR:
Who, having exchanged their full powers, formed in good and due form,

Have agreed as follows:

TITLE I

Free Movement of Goods

Article 1 (EA 7)

1. The Community and the CSFR shall gradually establish a free-trade area in a transitional period lasting a maximum of ten years starting from the entry into force of this Agreement (hereinafter called "the Agreement") in accordance with the provisions of the present agreement and in conformity with those of the General Agreement on Tariffs and Trade.

2. The Combined Nomenclature of goods shall be applied to the classification of goods in trade between the two parties.

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

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

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

CHAPTER I

Industrial Products

Article 2 (EA 8)

1. The provisions of this Chapter shall apply to products originating in the Community and in the CSFR listed in chapters 25 to 97 of the Combined Nomenclature with the exception of the products listed in Annex I.

2. The provisions of Articles 3 to 7 included do not apply to products mentioned in Articles 9 and 10.
Article 3 (EA 9)

1. Customs duties on imports applicable in the Community to products originating in the CSFR other than those listed in Annexes II(a), II(b) and III shall be abolished on the entry into force of the Agreement.

2. Customs duties on imports applicable in the Community to products originating in the CSFR which are listed in Annex II(a) shall be progressively abolished in accordance with the following timetable:

- on the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty.

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

Customs duties on imports applicable in the Community to products originating in the CSFR listed in Annex II(b) shall be progressively reduced, from the date of entry into force of this Agreement, by annual reductions of 20 per cent of the basic duty, so as to arrive at a total abolition by the end of the fourth year after the date of entry into force of the Agreement.

3. The products of the CSFR origin listed in Annex III shall benefit from a suspension of customs duties on imports within the limits of annual Community tariff quotas or ceilings increasing progressively in accordance with the conditions defined in that Annex so as to arrive at a complete abolition of customs duties on imports of the products concerned at the end of the fifth year at the latest.

At the same time, customs duties on imports applicable to import quantities in excess of the quotas or ceilings provided for above shall be progressively dismantled from the entry into force of the Agreement by annual reductions of 15 per cent. By the end of the fifth year, remaining duties shall be abolished.

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

Article 4 (EA 10)

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

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

- on the date of entry into force of the Agreement each duty shall be reduced to 80 per cent of the basic duty;
three years after the date of entry into force of the Agreement each duty shall be reduced to 40 per cent of the basic duty;

five years after the date of entry into force of the Agreement the remaining duties shall be eliminated.

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

- three years after the date of entry into force of the Agreement each duty shall be reduced to 80 per cent of the basic duty;

- five years after the date of entry into force of the Agreement each duty shall be reduced to 60 per cent of the basic duty;

- seven years after the date of entry into force of the Agreement each duty shall be reduced to 40 per cent of the basic duty;

- nine years after the date of entry into force of the Agreement the remaining duties shall be eliminated.

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

- on the date of entry into force of the Agreement each duty shall be reduced to 80 per cent of the basic duty;

- three years after the date of entry into force of the Agreement each duty shall be reduced to 60 per cent of the basic duty;

- five years after the date of entry into force of the Agreement each duty shall be reduced to 40 per cent of the basic duty;

- seven years after the date of entry into force of the Agreement each duty shall be reduced to 20 per cent of the basic duty;

- nine years after the date of entry into force of the Agreement the remaining duties shall be eliminated.

5. Quantitative restrictions on imports into the CSFR of products originating in the Community shall be abolished on entry into force of the Agreement except for those listed in Annex VIII, which shall be progressively abolished by the end of the transitional period.

6. Measures having an effect equivalent to quantitative restrictions on imports into the CSFR of products originating in the Community shall be abolished upon entry into force of the Agreement.
Article 5 (EA 11)

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

Article 6 (EA 12)

The Community and the CSFR shall abolish upon entry into force of this Agreement in trade between themselves, any charges having an effect equivalent to customs duties on imports.

Article 7 (EA 13)

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

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

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

Article 8 (EA 14)

Each party declares its readiness to reduce its customs duties in trade with the other party more rapidly than is provided for in Articles 3 and 4 if its general economic situation and the situation of the economic sector concerned so permit.

The Joint Committee referred to in Article 37 (hereinafter referred to as "the Joint Committee") may make recommendations to this effect.

Article 9 (EA 15)

Protocol No. 1 lays down the arrangements applicable to the textile products referred to therein.

Article 10 (EA 16)

Protocol No. 2 lays down the arrangements applicable to products covered by the Treaty establishing the European Coal and Steel Community.

Article 11 (EA 17)

1. The provisions of the present Chapter do not preclude the retention by the Community of an agricultural component in the duties applicable to products listed in Annex X in respect of products originating in the CSFR.
2. The provisions of the present Chapter do not preclude the introduction of an agricultural component by the CSFR in the duties applicable to the products listed in Annex X in respect of products originating in the Community.

CHAPTER II

Agriculture

Article 12 (EA 18)

1. The provision of this Chapter shall apply to agricultural products originating in the Community and in the CSFR.

2. The term "agricultural products" means the products listed in Chapters 1 to 24 of the Combined Nomenclature and the products listed in Annex I, but excluding fishery products as defined by Regulation (EEC) No. 3687/91.

Article 13 (EA 19)

Protocol No. 3 lays down the trade arrangements for processed agricultural products which are listed in such protocol.

Article 14 (EA 20)

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

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

3. The CSFR shall gradually abolish quantitative restrictions on imports of agricultural products originating in the Community listed Annex XII in accordance with the conditions established in that Annex.

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

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

Article 15 (EA 21)

Notwithstanding other provisions of this Agreement and in particular Article 24, if, given the particular sensitivity of the agricultural markets, imports of products originating in one Party, which are the subject of concessions granted in Article 14, cause serious disturbance to the markets in the other party, both party shall enter into consultations immediately to find an appropriate solution. Pending such solution, the party concerned may take the measures it deems necessary.

CHAPTER III

Fisheries

Article 16 (EA 22)

The provisions of this Chapter shall apply to fishery products originating in the Community and the CSFR, which are covered by Regulation (EEC) No. 3687/91 on the common organization of the market in the sector of fishery products.

Article 17 (EA 23)

The fishery products originating in the CSFR listed in Annex XV shall benefit upon the date of entry into force of this Agreement from the reduction of customs duties provided in that Annex. The provisions of Article 14, paragraph 5 shall apply mutatis mutandis to fishery products.

CHAPTER IV

Common Provisions

Article 18 (EA 24)

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

Article 19 (EA 25)

1. No new customs duties on imports or exports or charges having equivalent effect shall be introduced, nor shall those already applied be increased, in the trade between the Community and the CSFR from the date of entry into force of the Agreement.
2. No new quantitative restriction on imports or exports or measure having equivalent effect shall be introduced nor shall those existing be made more restrictive in the trade between the Community and the CSFR from the date of entry into force of the Agreement.

3. Without prejudice to the concessions granted under Article 14, the provisions of paragraph 1 and 2 of this Article shall not restrict in any way the pursuance of the respective agricultural policies of the CSFR and the Community or the taking of any measures under such policies.

**Article 20 (EA 26)**

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

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

**Article 21 (EA 27)**

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

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

**Article 22 (EA 28)**

Exceptional measures of limited duration which derogate from the provisions of Article 4 and Article 19(1) may be taken by the CSFR in the form of increased customs duties.

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

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

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

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

The CSFR shall inform the Joint Committee of any exceptional measures it intends to take and, at the request of the Community, consultations shall be held in the Joint Committee on such measures and the sectors to which they apply before they are applied. When taking such measures the CSFR shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction at equal annual rates. The Joint Committee may decide on a different schedule.

Article 23 (EA 29)

If one of the Parties finds that dumping is taking place in trade with the other Party within the meaning of Article VI of the General Agreement on Tariffs and Trade, it may take appropriate measures against this practice in accordance with the Agreement relating to the application of Article VI of the General Agreement on Tariffs and Trade, with related internal legislation and with the conditions and procedures laid down in Article 27.

Article 24 (EA 30)

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

- serious injury to domestic producers of like or directly competitive products in the territory of one of the Parties, or
- serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region.

The Community or the CSFR, which ever is concerned, may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 27.
Article 25 (EA 31)

Where compliance with the provisions of Articles 7 and 19 leads to:

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

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

and where the situations above referred to give rise, or are likely to give rise to major difficulties for the exporting party, that party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 27. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 26 (EA 32)

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

Article 27 (EA 33)

1. In the event of the Community or the CSFR subjecting imports of products liable to give rise to the difficulties referred to in Article 24 to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other party.

2. In the cases specified in Articles 23, 24 and 25, before taking the measures provided for therein or, in cases to which paragraph 3(d) applies, as soon as possible, the Community or the CSFR, as the case may be, shall supply the Joint Committee with all relevant information with a view to seeking a solution acceptable to the two parties.

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

The safeguard measures shall be notified immediately to the Joint Committee and shall be the subject of periodic consultations within that body, particularly with a view to establishing a timetable for their abolition as soon as circumstances permit.
3. For the implementation of paragraph 2, the following provisions shall apply:

(a) As regards Article 24, the difficulties arising from the situation referred to in that Article shall be referred for examination to the Joint Committee, which may take any decision needed to put an end to such difficulties.

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

(b) As regards Article 23, the Joint Committee shall be informed of the dumping case as soon as the authorities of the importing party have initiated an investigation. When no end has been put to the dumping within the meaning of Article VI of the GATT or no other satisfactory solution has been reached within thirty days of the matter being referred to the Joint Committee, the importing party may adopt the appropriate measures.

(c) As regards Article 25, the difficulties arising from the situations referred to in that Article shall be referred for examination to the Joint Committee.

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

(d) Where exceptional circumstances requiring immediate action make prior information or examination, as the case may be, impossible, the Community or the CSFR whichever is concerned may, in the situations specified in Articles 23, 24 and 25, apply forthwith the precautionary measures strictly necessary to deal with the situation, and the Joint Committee will be informed immediately.

Article 28 (EA 34)

Protocol No. 4 lays down rules of origin, for the application of tariff preferences foreseen in this Agreement.

Article 29 (EA 35)

The Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and
life of humans, animals or plants; the protection of national treasures of artistic, historic or archaeological value or the protection of intellectual, industrial and commercial property or rules relating to gold and silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 30 (EA 36)

Protocol No. 5 lays down the specific provisions to apply to trade between the CSFR of the one part and Spain and Portugal of the other part.

Title II

Payments, Competition and other Economic Provisions

Article 31 (EA 59)

The Parties undertake to authorize, in freely convertible currency, any payments on the current account of balance of payments to the extent that the transaction underlying the payments concern movement of goods between the Parties which have been liberalized pursuant to the present Agreement.

Article 32 (EA 62)

With reference to the provisions of this Chapter, and notwithstanding the provisions of Article 34, until a full convertibility of the CSFR currency in the meaning of Article VIII of the International Monetary Fund is introduced, the CSFR may in exceptional circumstances apply exchange restrictions connected with the granting or taking up of short and medium-term credits to the extent that such restrictions are imposed on the CSFR for the granting of such credits and are permitted according to the CSFR’s status under the IMF.

The CSFR shall apply these restrictions in a non-discriminatory manner. They shall be applied in such a manner as to cause the least possible disruption to this Agreement. The CSFR shall inform the Joint Committee promptly of the introduction of such measures and of any changes therein.

Article 33 (EA 63)

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

(i) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
(ii) abuse by one or more undertakings of a dominant position in the territories of the Community or of the CSFR as a whole or in a substantial part thereof;

(iii) any public aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods.

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

3. The Joint Committee shall, within three years of the entry into force of the Agreement, adopt by decision the necessary rules for the implementation of paragraphs 1 and 2.

Until the implementing rules are adopted, practices incompatible with the paragraph 1 of Article 3 shall be dealt with by the Parties on their respective territories according to their respective legislations. This is without prejudice to Article 33, paragraph 6 of this Agreement.

4. (a) For the purposes of applying the provisions of paragraph 1, point (iii), the Parties recognize that during the first five years after the entry into force of the Agreement, any public aid granted by the CSFR shall be assessed taking into account the fact that the CSFR shall be regarded as an area identical to those areas of the Community described in Article 92.3(a) of the Treaty establishing the European Economic Community. The Joint Committee shall, taking into account the economic situation of the CSFR, decide whether that period should be extended by further periods of five years.

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

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

- the provision of paragraph 1(iii) does not apply.

- any practices contrary to paragraph 1(i) should be assessed according to the criteria established by the Community on the basis of Articles 42 and 43 of the Treaty establishing the European Economic Community and in particular of those established in Council Regulation No. 26/1962.
6. If the Community or the CSFR considers that a particular practice is incompatible with the terms of the first paragraph of this Article, and:

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

it may take appropriate measures after consultation within the Joint Committee or after thirty working days following referral for such consultation.

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

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

8. This Article shall not apply to the products covered by the Treaty establishing the European Coal and Steel Community which are the subject of Protocol No. 2.

**Article 34 (EA 64)**

1. Where one or more Member States of the Community or the CSFR is in serious balance-of-payments difficulties, or under imminent threat thereof, the Community or the CSFR, as the case may be, may, in accordance with the conditions established under the General Agreement on Tariffs and Trade adopt restrictive measures, including measures relating to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance-of-payments situation. The measures shall be progressively relaxed as balance-of-payments conditions improve and they shall be eliminated when conditions no longer justify their maintenance. The Community or the CSFR, as the case may be, shall inform the other party forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

2. The Parties shall nevertheless endeavour to avoid the imposition of restrictive measures for the balance-of-payments purposes.

**Article 35 (EA 65)**

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

**Article 36**

1. The CSFR shall continue to improve the protection of intellectual, industrial and commercial property rights in order to provide, by the end of the fifth year after the entry into force of the Agreement, a level of protection similar to that provided in the Community by Community Acts, in particular the ones referred to in Annex XVII, including comparable means of enforcing such rights.

2. Mutual assistance between administrative authorities in customs matters of the Parties shall take place in accordance with the provisions of Protocol No. 6.

**TITLE III**

**Institutional, General and Final Provisions**

**Article 37 (EA 103)**

The Joint Committee, set up by the Agreement on Trade and Commercial and Economic Co-operation signed between the European Economic Community and the CSFR on 7 May 1990, shall perform the duties assigned to it by this Agreement until the Association Council provided for in Article 103 of the European Agreement is established.

**Article 38 (EA 105)**

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

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

**Article 39 (EA 106)**

1. Each of the two parties may refer to the Joint Committee any dispute relating to the application or interpretation of this Agreement.

2. The Joint Committee may settle the dispute by means of a decision.
3. Each party shall be bound to take the measures involved in carrying out the decision referred to in paragraph 2.

4. In the event of it not being possible to settle the dispute in accordance with paragraph 2 of this Article, either party may notify the other of the appointment of an arbitrator; the other party must then appoint a second arbitrator within two months.

The Joint Committee shall appoint a third arbitrator.

The arbitrators' decisions shall be taken by majority vote.

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

**Article 40 (EA 112)**

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

**Article 41 (EA 113)**

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

(a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;

(b) which relate to the production of, or trade in, arms, munitions or war materials or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;

(c) which it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension constituting threat of war or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

**Article 42 (EA 114)**

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

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

Article 43 (EA 115)

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

Article 44 (EA 115)

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

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

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

Article 45 (EA 118)

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

Article 46 (EA 119)

1. This Agreement shall be applicable until the entry into force of the Europe Agreement signed on 16 December 1991 and at the latest until 31 December 1992.

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

Article 47 (EA 120)

This Agreement shall apply, on the one hand, to the territories in which the Treaties establishing the European Economic Community and the European Coal and Steel Community are applied and under the conditions laid down in those Treaties and, on the other hand, to the territory of the CSFR.
Article 48 (EA 121)

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

Article 49

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

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

Upon entry into force of this Agreement, Articles 2 and 3, paragraphs 2 to 17 of the Agreement between the European Economic Community and the Czech and Slovak Federal Republic on trade and economic and commercial co-operation signed in Brussels on 7 May 1990 and the corresponding provisions of the Protocol between the European Coal and Steel Community and the Czech and Slovak Federal Republic initialled in Brussels on 28 June 1991, if they have entered into force, shall be suspended.

Article 50 (EA 122)

1. In the event that this Agreement enters into force after 1 January but before 30 June 1992 for the purposes of Titles I and II of this Agreement and Protocols Nos. 1, 2, 3, 4, 5, 6 and 7 hereto, the terms "date of entry into force of the Agreement" shall mean:

- the date of entry into force in relation to obligations taking effect on that date, and

- 1 January 1992 in relation to obligations taking effect after the date of entry into force by reference to the date of entry into force.

2. In the case of entry into force after 1 January, the provisions of Protocol No. 7 shall apply.
INTERIM AGREEMENT ON TRADE AND TRADE-RELATED MATTERS BETWEEN
THE EUROPEAN ECONOMIC COMMUNITY AND THE EUROPEAN
COAL AND STEEL COMMUNITY, OF THE ONE PART,
AND THE REPUBLIC OF HUNGARY,
OF THE OTHER PART

The European Economic Community and the European Coal and Steel
Community, hereinafter referred to as "the Community",
of the one part,

and the Government of the Republic of Hungary, hereinafter referred to as
"Hungary"
of the other part,

Whereas the Europe Agreement establishing an association between the
European Communities and their Member States and the Republic of Hungary
was signed in Brussels on 16 December 1991;

Whereas the aim of the Europe Agreement is to provide an appropriate
framework for political dialogue; it is to establish a gradual free-trade
area between the Community and Hungary covering substantially all trade
between them; it is to govern commercial and economic relations between
the Parties and includes provisions relating to financial co-operation and
assistance and the promotion of co-operation in cultural matters;

Whereas the Europe Agreement is intended to strengthen and widen the
relations established previously, notably by the Agreement on Trade and
Commercial and Economic Co-operation between the European Economic
Community and Hungary signed on 26 September 1988 and the Protocol on Trade
and Commercial and Economic Co-operation between the European Coal and
Steel Community and Poland signed on 31 October 1991.

Whereas it is necessary to ensure the development of trade relations
between the implementation of the Agreements on Trade and Commercial and
Economic Co-operation and that of the Europe Agreement;

Whereas to this end it is necessary to implement as speedily as
possible, by means of an interim agreement, provisions of the Europe
Agreement on Trade and Trade-Related Matters;

Whereas it is necessary to ensure that pending the entry into force of
the Europe Agreement and the establishment of the Association Council, the
Joint Committee set up by the Agreement on Trade and Commercial and
Economic Co-operation can exercise the powers assigned by the Europe
Agreement to the Association Council which are necessary in order to
implement the Interim Agreement;
Have decided to conclude this Agreement and to this end have
designated as their plenipotentiaries,

The European Economic Community:

The European Coal and Steel Community:

The Government of the Republic of Hungary:

Who, having exchanged their full powers, formed in good and due form,

Have agreed as follows:

TITLE I

Free Movement of Goods

Article 1 (EA 7)

1. The Community and Hungary shall gradually establish a free-trade area
in a transitional period lasting a maximum of ten years starting from the
entry into force of this Agreement (hereinafter called "the Agreement") in
accordance with the provisions of the present agreement and in conformity
with those of the General Agreement on Tariffs and Trade.

2. The Combined Nomenclature of goods shall be applied to the
classification of goods for imports into the Community. The Hungarian
customs tariffs shall be applied to the classification of goods for imports
into Hungary.

3. Subject to specific provisions in Chapters II and III, for each
product the basic duty to which the successive reductions set out in this
Agreement are to be applied shall be that actually applied erga omnes on
the day preceding the date of entry into force of the Agreement.

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

5. The Community and Hungary shall communicate to each other their
respective basic duties.
CHAPTER I

Industrial Products

Article 2 (EA 8)

1. The provisions of this Chapter shall apply to products originating in the Community and in Hungary listed in Chapters 25 to 97 of the Combined Nomenclature and of the Hungarian Customs Tariff with the exception of the products listed in Annex I.

2. The provisions of Articles 3 to 7 included do not apply to products mentioned in Articles 9 and 10.

Article 3 (EA 9)

1. Customs duties on imports applicable in the Community to products originating in Hungary other than those listed in Annexes II(a), II(b) and III shall be abolished on the entry into force of the Agreement.

2. Customs duties on imports applicable in the Community to products originating in Hungary which are listed in Annex II(a) shall be progressively abolished in accordance with the following timetable:

- on the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty.
- one year after the date of entry into force of this Agreement the remaining duties shall be eliminated.

Customs duties on imports applicable in the Community to products originating in Hungary listed in Annex II(b) shall be progressively reduced, from the date of entry into force of this Agreement, by annual reductions of 20 per cent of the basic duty, so as to arrive at a total abolition by the end of the fourth year after the date of entry into force of the Agreement.

3. The products of Hungarian origin listed in Annex III shall benefit from a suspension of customs duties on imports within the limits of annual Community tariff quotas or ceilings increasing progressively in accordance with the conditions defined in that Annex.

At the same time, customs duties on imports applicable to import quantities in excess of the quotas or ceilings provided for above shall be progressively abolished so as to arrive at a complete abolition of customs duties on imports of the products concerned at the end of the fifth year at the latest.

4. Quantitative restrictions on imports to the Community and measures having equivalent effect shall be abolished on the date of entry into force of the Agreement with regard to the products originating in Hungary.
Article 4 (EA 10)

1. Customs duties on imports applicable in Hungary to products originating in the Community which are listed in Annex IV shall be reduced progressively:

   Upon entry into force of the Agreement - to two thirds of the basic duty;

   On 1 January 1993 - to one third of the basic duty;

   On 1 January 1994 - to zero.

2. Customs duties on imports applicable in Hungary to products originating in the Community not listed in Annexes IV and V shall be reduced progressively:

   On 1 January 1995 - to two thirds of the basic duty;

   On 1 January 1996 - to one third of the basic duty;

   On 1 January 1997 - to zero.

3. Customs duties on imports applicable in Hungary to products originating in the Community which are listed in Annex V shall be reduced progressively:

   On 1 January 1995 - to 90 per cent of the basic duty;

   On 1 January 1996 - to 75 per cent of the basic duty;

   On 1 January 1997 - to 60 per cent of the basic duty;

   On 1 January 1998 - to 45 per cent of the basic duty;

   On 1 January 1999 - to 30 per cent of the basic duty;

   On 1 January 2000 - to 15 per cent of the basic duty;

   On 1 January 2001 - to 0 per cent of the basic duty.

4. Quantitative restrictions on imports into Hungary and measures having an equivalent effect thereto of products originating in the Community as listed in Annex VI(a) shall be progressively abolished between 1 January 1995 and 31 December 2000 according to the timetable provided in that Annex. All other quantitative restrictions and measures having an equivalent effect thereto shall be abolished upon entry into force of the Agreement.
The Joint Committee referred to in Article 36 (hereinafter referred to as "the Joint Committee") shall periodically review the progress achieved in dismantling quantitative restrictions.

From the date of entry into force of the Agreement Hungary shall open import ceilings for products originating in the Community listed in Annex VI(b) and on the conditions contained therein.

**Article 5 (EA 11)**

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

**Article 6 (EA 12)**

The Community shall abolish in its imports from Hungary charges having an effect equivalent to customs duties on imports upon the entry into force of the Agreement.

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

<table>
<thead>
<tr>
<th>Date</th>
<th>1 January 1995</th>
<th>1 January 1996</th>
<th>1 January 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>The 1% licensing fee</td>
<td>1%</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>The 2% customs clearance fee</td>
<td>-</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>The 3% statistical fee</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Article 7 (EA 13)**

1. The Community and Hungary shall progressively abolish between them at the latest by the end of the fifth year after entry into force of the Agreement any customs duties on exports and charges having equivalent effect as well as quantitative restrictions on exports and any measures having equivalent effect except those that might be required for the administration of international obligations.

**Article 8 (EA 14)**

Each party declares its readiness to reduce its customs duties in trade with the other party more rapidly than is provided for in Articles 3 and 4 if its general economic situation and the situation of the economic sector concerned so permit.

The Joint Committee may make recommendations to this effect.
Article 9 (EA 15)

Protocol No. 1 lays down the arrangements applicable to the textile products referred to therein.

Article 10 (EA 16)

Protocol No. 2 lays down the arrangements applicable to products covered by the Treaty establishing the European Coal and Steel Community.

Article 11 (EA 17)

1. The provisions of the present Chapter do not preclude the retention by the Community of an agricultural component in the duties applicable to products listed in Annex VII in respect of products originating in Hungary.

2. The provisions of the present Chapter do not preclude the introduction of an agricultural component by Hungary in the duties applicable to the products listed in Annex VII in respect of products originating in the Community.

CHAPTER II

Agriculture

Article 12 (EA 18)

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

2. The term "agricultural products" means the products listed in Chapters 1-24 of the Combined Nomenclature and of the Hungarian Customs Tariff and the products listed in Annex I, but excluding fishery products as defined by Regulation (EEC) No. 3687/91.

Article 13 (EA 19)

Protocol No. 3 lays down the trade arrangements for processed agricultural products which are listed in such protocol.

Article 14 (EA 20)

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

2. The agricultural products originating in Hungary listed in Annex VIII(a) or Annex VIII(b) shall benefit, upon the date of entry into force of this Agreement, from the reduction of levies within the limit of Community quotas or from the reduction of customs duties and upon the conditions provided in the same Annex.
3. Agricultural products listed in Annex IX(a) originating in the Community shall be imported into Hungary free of quantitative restrictions. Agricultural products originating in the Community listed in Annex IX(b) shall be free from quantitative restrictions up to the quantities set out in that Annex.

4. The Community and Poland shall grant each other the concessions referred to in Annexes X(a), X(b) and X(c) and XI(a), XI(b), XI(c) and XI(d), on a harmonious and reciprocal basis, in accordance with the conditions laid down therein.

5. Taking account of the volume of trade in agricultural products between them, of their particular sensitivity, of the rules of the Common Agricultural Policy of the Community, the rules of the agricultural policy of Hungary and of the consequences of the multilateral trade negotiations under the General Agreement on Tariffs and Trade, the Community and Hungary shall examine on a regular basis in the Joint Committee, product-by-product and on an orderly and reciprocal basis, the possibilities of granting each other further concessions.

Article 15 (EA 21)

Notwithstanding other provisions of this Agreement and in particular Article 24, if, given the particular sensitivity of the agricultural markets, imports of products originating in one Party, which are the subject of concessions granted in Article 14, cause serious disturbance to the markets in the other Party, both Parties shall enter into consultations immediately to find an appropriate solution. Pending such solution, the Party concerned may take the measures it deems necessary.

CHAPTER III

Fisheries

Article 16 (EA 22)

The provisions of this Chapter shall apply to fishery products originating in the Community and in Hungary, which are covered by Regulation (EEC) No. 3687/91 on the common organization of the market in the sector of fishery products.

Article 17 (EA 23)

The provisions of Article 14, paragraph 5 shall apply mutatis mutandis to fishery products.
Common Provisions

Article 18 (EA 24)

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

Article 19 (EA 25)

1. No new customs duties on imports or exports or charges having equivalent effect shall be introduced, nor shall those already applied be increased, in the trade between the Community and Hungary from the date of entry into force of the Agreement.

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

3. Without prejudice to the concessions granted under Article 14, the provisions of paragraphs 1 and 2 of this Article shall not restrict in any way the pursuance of the respective agricultural policies of Hungary and the Community or the taking of any measures under such policies.

Article 20 (EA 26)

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

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

Article 21 (EA 27)

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

2. Consultations between the Parties shall take place within the Joint Committee concerning agreements establishing such customs unions or free-trade areas and, where requested, on other major issues related to their respective trade policy with third countries. In particular in the event of a third country acceding to the Community, such consultations shall take place so as to ensure that account can be taken of the mutual interests of the Community and Hungary stated in this Agreement.
Article 22 (EA 28)

Exceptional measures of limited duration which derogate from the provisions of Article 4 and Article 19(1) may be taken by Hungary in the form of increased customs duties.

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

Customs duties on imports applicable in Hungary to products originating in the Community introduced by these measures may not exceed 25 per cent ad valorem and shall maintain an element of preference for products originating in the Community.

The total value of imports of the products which are subject to these measures may not exceed 15 per cent of total imports of industrial products from the Community as defined in Chapter I, during the last year for which statistics are available.

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

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

Hungary shall inform the Joint Committee of any exceptional measures it intends to take and, at the request of the Community, consultations shall be held in the Joint Committee on such measures and the sectors to which they apply before they are applied. When taking such measures Hungary shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction at equal annual rates. The Joint Committee may decide on a different schedule.

Article 23 (EA 29)

If one of the Parties finds that dumping is taking place in trade with the other Party within the meaning of Article VI of the General Agreement on Tariffs and Trade, it may take appropriate measures against this practice in accordance with the Agreement relating to the application of Article VI of the General Agreement on Tariffs and Trade, with related internal legislation and with the conditions and procedures laid down in Article 27.
Article 24 (EA 30)

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

- serious injury to domestic producers of like or directly competitive products in the territory of one of the Parties; or
- serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region;

the Community or Hungary, whichever is concerned, may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 27.

Article 25 (EA 31)

Where compliance with the provisions of Articles 7 and 19 leads to:

(i) re-export towards a third country against which the exporting party maintains, for the product concerned, quantitative export restrictions, export duties or measures having equivalent effect; or
(ii) a serious shortage, or threat thereof, of a product essential to the exporting party;

and where the situations above referred to give rise, or are likely to give rise to major difficulties for the exporting party, that party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 27. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 26 (EA 32)

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

Article 27 (EA 33)

1. In the event of the Community or Hungary subjecting imports of products liable to give rise to the difficulties referred to in Article 24 to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other party.
2. In the cases specified in Articles 23, 24 and 25, before taking the measures provided for therein or, in cases to which paragraph 3(d) applies, as soon as possible, the Community or Hungary, as the case may be, shall supply the Joint Committee with all relevant information with a view to seeking a solution acceptable to the two parties.

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

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

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

(a) As regards Article 24, the difficulties arising from the situation referred to in that Article shall be referred for examination to the Joint Committee, which may take any decision needed to put an end to such difficulties.

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

(b) As regards Article 23, the Joint Committee shall be informed of the dumping case as soon as the authorities of the importing party have initiated an investigation. When no end has been put to the dumping or no other satisfactory solution has been reached within thirty days of the matter being referred to the Joint Committee, the importing party may adopt the appropriate measures.

(c) As regards Article 25, the difficulties arising from the situations referred to in that Article shall be referred for examination to the Joint Committee.

The Joint Committee may take any decision needed to put an end to the difficulties. If it has not taken such a decision within thirty day of the matter being referred to it, the exporting party may apply appropriate measures on the exportation of the product concerned.

(d) Where exceptional circumstances requiring immediate action make prior information or examination, as the case may be, impossible, the Community or Hungary whichever is concerned may, in the situations specified in Articles 23, 24 and 25, apply forthwith the precautionary measures strictly necessary to deal with the situation.
Article 28 (EA 34)

Protocol No. 4 lays down rules of origin, for the application of tariff preferences foreseen in this Agreement.

Article 29 (EA 35)

The Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures of artistic, historic or archaeological value or the protection of intellectual, industrial and commercial property or rules relating to gold and silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 30 (EA 36)

Protocol No. 5 lays down the specific provisions to apply to trade between Hungary of the one part and Spain and Portugal of the other part.

TITLE II
Payments, Competition and Other Economic Provisions

Article 31 (EA 59)

The Parties undertake to authorize, in freely convertible currency, any payments on the current account of balance of payments to the extent that the transaction underlying the payments concern movement of goods between the Parties which have been liberalized pursuant to the present Agreement.

Article 32 (EA 62)

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

(i) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;

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

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

3. The Joint Committee shall, within three years of the entry into force of the Agreement, adopt by decision the necessary rules for the implementation of paragraphs 1 and 2.

4. (a) For the purposes of applying the provisions of paragraph 1, point (iii), the Parties recognize that during the first five years after the entry into force of the Agreement, any public aid granted by Hungary shall be assessed taking into account the fact that Hungary shall be regarded as an area identical to those areas of the Community described in Article 92.3(a) of the Treaty establishing the European Economic Community. The Joint Committee shall, taking into account the economic situation of Hungary, decide whether that period should be extended by further periods of five years.

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

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

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

6. If the Community or Hungary considers that a particular practice is incompatible with the terms of the first paragraph of this Article, and:

- is not adequately dealt with under the implementing rules referred to in paragraph 3; or
- in the absence of such rules, and if such practice causes or threatens to cause serious prejudice to the interest of the other Party or material injury to its domestic industry, including its services industry;
it may take appropriate measures after consultation within the Joint Committee or after thirty working days following referral for such consultation.

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

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

8. This Article shall not apply to the products covered by the Treaty establishing the European Coal and Steel Community which are the subject of Protocol No. 2.

**Article 33 (EA 63)**

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

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

**Article 34 (EA 64)**

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

**Article 35 (EA 65)**

1. Hungary shall continue to improve the protection of intellectual, industrial and commercial property rights in order to provide, by the end of the fifth year from the entry into force of the Agreement, a level of
protection similar to that provided in the Community by Community Acts, in particular the ones referred to in Annex XIII, including comparable means of enforcing such rights.

2. Mutual assistance between administrative authorities in customs matters of the Parties shall take place in accordance with the provisions of Protocol No. 6.

**TITLE III**

**Institutional, General and Final Provisions**

**Article 36 (EA 104)**

The Joint Committee set up by the Agreement on Trade and Commercial and Economic Co-operation signed between the European Economic Community and Hungary on 26 September 1988 shall perform the duties assigned to it by this Agreement until the Association Council provided for in Article 104 of the Europe Agreement is established.

**Article 37 (EA 106)**

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

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

**Article 39 (EA 105)**

1. Each of the two parties may refer to the Joint Committee any dispute relating to the application or interpretation of this Agreement.

2. The Joint Committee may settle the dispute by means of a decision.

3. Each party shall be bound to take the measures involved in carrying out the decision referred to in paragraph 2.

4. In the event of it not being possible to settle the dispute in accordance with paragraph 2 of this Article, either party may notify the other of the appointment of an arbitrator; the other party must then appoint a second arbitrator within two months.

The Joint Committee shall appoint a third arbitrator.

The arbitrators' decisions shall be taken by majority vote.

Each party to the dispute must take the steps required to implement the decision of the arbitrators.
**Article 39 (EA 113)**

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

**Article 41 (EA 112)**

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

(a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;

(b) which relate to the production of, or trade in, arms, munitions or war materials or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;

(c) which it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension constituting threat of war or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

**Article 41 (EA 115)**

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

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

   - the arrangements applied by the Community in respect of Hungary shall not give rise to any discrimination between Hungarian nationals or its companies or firms.

2. The provisions of paragraph 1 shall not prevent the Parties from applying foreign exchange laws and regulations that provide different treatment for residents and non-residents within the meaning of these laws and regulations.

**Article 42 (EA 116)**

Products originating in Hungary shall not enjoy more favourable treatment when imported into the Community than that applied by Member States among themselves.
Article 43 (EA 117)

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

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

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

Article 44 (EA 119)

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

Article 45

1. This Agreement shall be applicable until the entry into force of the Europe Agreement signed on 16 December 1991 and at the latest until 31 December 1992.

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

Article 46 (EA 121)

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

Article 47 (EA 122)

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

Article 49 (EA 121)

This Agreement will be approved by the Parties in accordance with their own procedures.
This Agreement shall enter into force on the first day of the month following the date on which the Parties notify each other that the procedures referred to in the first paragraph have been completed.

Upon entry into force of this Agreement, Articles 1 and 2, paragraph 2-10, of the Agreement between the European Economic Community and the Republic of Hungary on Trade and Economic and Commercial Co-operation signed in Brussels on 26 September 1988 and the corresponding provisions of the Protocol between the European Coal and Steel Community and the Republic of Hungary signed in Brussels on 31 October 1991 shall be suspended.

Article 50 (EA 122)

1. In the event that this Agreement enters into force after 1 January but before 30 June 1992 for the purposes of Titles I and II of this Agreement and Protocols Nos. 1, 2, 3, 4, 5, 6 and 7 hereto, the terms "date of entry into force of the Agreement" shall mean:

- the date of entry into force in relation to obligations taking effect on that date; and

- 1 January 1992 in relation to obligations taking effect after the date of entry into force by reference to the date of entry into force.

2. In the case of entry into force after 1 January, the provisions of Protocol No. 7 shall apply.
INTERIM AGREEMENT ON TRADE AND TRADE RELATED MATTERS BETWEEN
THE EUROPEAN ECONOMIC COMMUNITY AND THE EUROPEAN
COAL AND STEEL COMMUNITY, OF THE ONE PART,
AND THE REPUBLIC OF POLAND,
OF THE OTHER PART

The European Economic Community and the European Coal and Steel
Community, hereinafter referred to as "the Community",
of the one part,

and the Government of the Republic of Poland, hereinafter referred to as
"Poland"
of the other part,

Whereas the Europe Agreement establishing an association between the
European Communities and their Member States and the Republic of Poland was
signed in Brussels on 16 December 1991;

Whereas the aim of the Europe Agreement is to provide an appropriate
framework for political dialogue; it is to govern commercial and economic
relations between the Parties and includes provisions relating to financial
cooperation and assistance and the promotion of cooperation in cultural
matters;

Whereas the Europe Agreement is intended to strengthen and widen the
relations established previously, notably by the Agreement on Trade and
Commercial and Economic Co-operation between the European Economic
Community and Poland signed on 19 September 1989 and the Protocol on Trade
and Commercial and Economic Co-operation between the European Coal and
Steel Community and Poland signed on 16 October 1991.

Whereas it is necessary to ensure the development of trade relations
between the implementation of the Agreements on Trade and Commercial and
Economic Co-operation and that of the Europe Agreement;

Whereas to this end it is necessary to implement as speedily as
possible, by means of an Interim Agreement, provisions of the European
Agreement on Trade and Trade Related Matters;

Whereas it is necessary to ensure that pending the entry into force of
the Europe Agreement and the establishment of the Association Council, the
Joint Committee set up by the Agreement on Trade and Commercial and
Economic Co-operation can exercise the powers assigned by the Europe
Agreement to the Association Council which are necessary in order to
implement the Interim Agreement;
Have decided to conclude this Agreement and to this end have designated as their plenipotentiaries,

The European Economic Community:

The European Coal and Steel Community:

The Government of the Republic of Poland:

Who, having exchanged their full powers, formed in good and due form,

Have agreed as follows:

TITLE I

Free Movement of Goods

Article 1 (EA 7)

1. The Community and Poland shall gradually establish a free-trade area in a transitional period lasting a maximum of ten years starting from the entry into force of this Agreement (hereinafter called "the Agreement") in accordance with the provisions of the present agreement and in conformity with those of the General Agreement on Tariffs and Trade.

2. The Combined Nomenclature of goods shall be applied to the classification of goods in trade between the two parties.

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

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

5. The Community and Poland shall communicate to each other their respective basic duties.
CHAPTER 1

Industrial Products

Article 2 (EA 8)

1. The provisions of this Chapter shall apply to products originating in the Community and in Poland listed in Chapters 25 to 97 of the Combined Nomenclature with the exception of the products listed in Annex I.

2. The provisions of Articles 3 to 7 included do not apply to products mentioned in Articles 9 and 10.

Article 3 (EA 9)

1. Customs duties on imports applicable in the Community to products originating in Poland other than those listed in Annexes II(a), II(b) and III shall be abolished on the entry into force of the Agreement.

2. Customs duties on imports applicable in the Community to products originating in Poland which are listed in the Annex II(a) shall be progressively abolished in accordance with the following timetable:

   - on the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty;

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

   Customs duties on imports applicable in the Community to products originating in Poland listed in Annex II(b) shall be progressively reduced, from the date of entry into force of this Agreement, by annual reductions of 20 per cent of the basic duty, so as to arrive at a total abolition by the end of the fourth year after the date of entry into force of the Agreement.

3. The products of Polish origin listed in Annex III shall benefit from a suspension of customs duties on imports within the limits of annual Community tariff quotas or ceilings increasing progressively in accordance with the conditions defined in that Annex so as to arrive at a complete abolition of customs duties on imports of the products concerned at the end of the fifth year at the latest.

At the same time, customs duties on imports applicable to import quantities in excess of the quotas or ceilings provided for above shall be progressively dismantled from the entry into force of the Agreement by annual reductions of 15 per cent. By the end of the fifth year, remaining duties shall be abolished.
4. Quantitative restrictions on imports to the Community and measures having equivalent effect shall be abolished on the date of entry into force of the Agreement with regard to the products originating in Poland.

Article 4 (EA 10)

1. Customs duties on imports applicable in Poland to products originating in the Community listed in Annex IV(a) shall be abolished on the date of entry into force of the Agreement.

2. Customs duties on imports applicable in Poland to products originating in the Community which are listed in Annex IV(b) shall be progressively reduced as specified in that Annex.

Poland shall open duty-free tariff quotas for products originating in the Community, as listed in that Annex and according to the conditions contained therein.

3. Customs duties on imports applicable in Poland to products originating in the Community other than those listed in Annexes IV(a) and IV(b) shall be progressively reduced, and abolished by the end of the seventh year at the latest from the entry into force of the Agreement according to the following timetable:

- three years after the date of entry into force of the Agreement each duty shall be reduced to 80 per cent of the basic duty;
- four years after the date of entry into force of the Agreement each duty shall be reduced to 60 per cent of the basic duty;
- five years after the date of entry into force of the Agreement each duty shall be reduced to 40 per cent of the basic duty;
- six years after the date of entry into force of the Agreement each duty shall be reduced to 20 per cent of the basic duty;
- seven years after the date of entry into force of the Agreement the remaining duties shall be eliminated;

4. Quantitative restrictions on imports into Poland of products originating in the Community and measures having equivalent effect shall be abolished on entry into force of the Agreement with the exception of those listed in Annex V which shall be abolished in accordance with the timetable provided in that Annex.

Article 5 (EA 11)

The provisions concerning the abolition of customs duties on imports shall also apply to customs duties of a fiscal nature.
Article 6 (EA 12)

The Community and Poland shall abolish upon entry into force of this Agreement in trade between themselves, any charges having an effect equivalent to customs duties on imports.

Article 7 (EA 13)

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

2. Quantitative restrictions on exports and any measures having equivalent effect shall be abolished by the Community and Poland on the entry into force of the Agreement except for those applied to products listed in Annex VI which shall be eliminated as specified therein.

Article 8 (EA 14)

Each party declares its readiness to reduce its customs duties in trade with the other party more rapidly than is provided for in Articles 3 and 4 if its general economic situation and the situation of the economic sector concerned so permit.

The Joint Committee referred to in Article 37 (hereinafter referred to as "the Joint Committee") may make recommendations to this effect.

Article 9 (EA 15)

Protocol No. 1 lays down the arrangements applicable to the textile products referred to therein.

Article 10 (EA 16)

Protocol No. 2 lays down the arrangements applicable to products covered by the Treaty establishing the European Coal and Steel Community.

Article 11 (EA 17)

The provisions of the present Chapter do not preclude the retention of an agricultural component in the duties applicable to products listed in Annex VII.
CHAPTER II

Agriculture

Article 12 (EA 18)

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

2. The term "agricultural products" means the products listed in Chapters 1 to 24 of the Combined Nomenclature and the products listed in Annex I, but excluding fishery products as defined by Regulation (EEC) No. 3687/91.

Article 13 (EA 19)

Protocol No. 3 lays down the trade arrangements for processed agriculture products which are listed in such protocol.

Article 14 (EA 20)

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

2. The agricultural products originating in Poland listed in Annex VIII(a) or Annex VIII(b) shall benefit, upon the date of entry into force of this Agreement, from the reduction of levies within the limit of Community quotas or from the reduction of customs duties and upon the conditions provided in the same Annex.

3. Poland shall gradually abolish quantitative restrictions on imports of agricultural products originating in the Community listed in Annex IX in accordance with the conditions established in that Annex.

4. The Community and Poland shall grant each other the concessions referred to in Annexes X(a), X(b) and X(c) and XI, on a harmonious and reciprocal basis, in accordance with the conditions laid down therein.

5. Taking account of the volume of trade in agricultural products between them, of their particular sensitivity, of the rules of the Common Agricultural Policy of the Community, of the rôle of agriculture in the Polish economy, and of the consequences of the multilateral trade negotiations under the General Agreement on Tariffs and Trade, the Community and Poland shall examine on a regular basis, in the Joint Committee, product by product and on an orderly and reciprocal basis the possibilities of granting each other further concessions. In this context special attention will be given to agricultural production based on natural techniques.
6. Taking account of the need for an increased harmony between the agricultural policies in the Community and Poland, as well as Poland’s objective of becoming a member of the Community, both Parties will have regular consultations in the Joint Committee on the strategy and practical modalities of their respective policies.

Article 15 (EA 21)

Notwithstanding other provisions of this Agreement and in particular Article 24, if, given the particular sensitivity of the agricultural markets, imports of products originating in one Party, which are the subject of concessions granted in Article 14, cause serious disturbance to the markets in the other Party, both Parties shall enter into consultations immediately to find an appropriate solution. Pending such solution, the Party concerned may take the measures it deems necessary.

CHAPTER III

Fisheries

Article 16 (EA 22)

The provisions of this Chapter shall apply to fishery products originating in the Community and in Poland, which are covered by Regulation (EEC) No. 3687/91 on the common organization of the market in the sector of fishery products.

Article 17 (EA 23)

The Parties shall conclude as soon as practicable negotiations of an agreement on fishery products.

Thereafter, the provisions of Article 14, paragraph 5 shall apply mutatis mutandis to fishery products.

CHAPTER IV

Common Provisions

Article 18 (EA 24)

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

Article 19 (EA 25)

1. No new customs duties on imports or exports or charges having equivalent effect shall be introduced, nor shall those already applied be increased, in the trade between the Community and Poland from the date of entry into force of the Agreement.
2. No new quantitative restriction on imports or exports or measure having equivalent effect shall be introduced nor shall those existing be made more restrictive in the trade between the Community and Poland from the date of entry into force of the Agreement.

3. Without prejudice to the concessions granted under Article 14, the provisions of paragraphs 1 and 2 of this Article shall not restrict in any way the pursuance of the respective agricultural policies of Poland and the Community or the taking of any measures under such policies.

Article 20 (EA 26)

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

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

Article 21 (EA 27)

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

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

Article 22 (EA 28)

Exceptional measures of limited duration which derogate from the provisions of Article 4 and Article 19(1) may be taken by Poland in the form of increased customs duties.

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

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

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

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

Poland shall inform the Joint Committee of any exceptional measures it intends to take and, at the request of the Community, consultations shall be held in the Joint Committee on such measures and the Sectors to which they apply before they are applied. When taking such measures Poland shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction at equal annual rates. The Joint Committee may decide on a different schedule.

Article 23 (EA 29)

If one of the Parties finds that dumping is taking place in trade with the other Party within the meaning of Article VI of the General Agreement on Tariffs and Trade, it may take appropriate measures against this practice in accordance with the Agreement relating to the application of Article VI of the General Agreement on Tariffs and Trade, with related internal legislation and with the conditions and procedures laid down in Article 27.

Article 24 (EA 30)

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

- serious injury to domestic producers of like or directly competitive products in the territory of one of the Parties, or
- serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region.

the Community or Poland, whichever is concerned, may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 27.
Article 25 (EA 31)

Where compliance with the provisions of Articles 7 and 19 leads to:

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

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

and where the situations above referred to give rise, or are likely to give rise to major difficulties for the exporting party, that party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 27. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 26 (EA 32)

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

Article 27 (EA 33)

1. In the event of the Community or Poland subjecting imports of products liable to give rise to the difficulties referred to in Article 24 to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other party.

2. In the cases specified in Articles 23, 24, and 25, before taking the measures provided for therein or, in cases to which paragraph 3(d) applies, as soon as possible, the Community or Poland, as the case may be, shall supply the Joint Committee with all relevant information with a view to seeking a solution acceptable to the two parties.

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

The safeguard measures shall be notified immediately to the Joint Committee and shall be the subject of periodic consultations within that body, particularly with a view to establishing a timetable for their abolition as soon as circumstances permit.
3. For the implementation of paragraph 2, the following provisions shall apply:

(a) As regards Article 24, the difficulties arising from the situation referred to in that Article shall be referred for examination to the Joint Committee, which may take any decision needed to put an end to such difficulties.

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

(b) As regards Article 23, the Joint Committee shall be informed of the dumping case as soon as the authorities of the importing party have initiated an investigation. When no end has been put to the dumping or no other satisfactory solution has been reached within thirty days of the matter being referred to the Joint Committee, the importing party may adopt the appropriate measures.

(c) As regards Article 25, the difficulties arising from the situations referred to in that Article shall be referred for examination to the Joint Committee.

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

(d) Where exceptional circumstances requiring immediate action make prior information or examination, as the case may be, impossible, the Community or Poland whichever is concerned may, in the situation specified in Articles 23, 24 and 25, apply forthwith the precautionary measures strictly necessary to deal with the situation.

Article 28 (EA 34)

Protocol No. 4 lays down rules of origin, for the application of tariff preferences foreseen in this Agreement.

Article 29 (EA 35)

The Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures of
artistic, historic or archaeological value or the protection of intellectual, industrial and commercial property or rules relating to gold and silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

**Article 30 (EA 36)**

Protocol No. 5 lays down the specific provisions to apply to trade between Poland of the one part and Spain and Portugal of the other part.

**TITLE II**

**Payments, Competition and Other Economic Provisions**

**Article 31 (EA 59)**

The Parties undertake to authorize, in freely convertible currency, any payments on the current account of balance of payments to the extent that the transaction underlying the payments concern movement of goods between the Parties which have been liberalized pursuant to the present Agreement.

**Article 32 (EA 62)**

With reference to the provisions of this Chapter, and notwithstanding the provisions of Article 34, until a full convertibility of the Polish currency in the meaning of Article VIII of the International Monetary Fund is introduced, Poland may in exceptional circumstances apply exchange restrictions connected with the granting or taking up of short and medium-term credits to the extent that such restrictions are imposed on Poland for the granting of such credits and are permitted according to Poland's status under the IMF.

Poland shall apply these restrictions in a non-discriminatory manner. They shall be applied in such a manner as to cause the least possible disruption to this Agreement. Poland shall inform the Joint Committee promptly of the introduction of such measures and of any changes therein.

**Article 33 (EA 63)**

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

   (i) All agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
(ii) abuse by one or more undertakings of a dominant position in the territories of the Community or of Poland as a whole or in a substantial part thereof;

(iii) any public aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods.

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

3. The Joint Committee shall, within three years of the entry into force of the Agreement, adopt by decision the necessary rules for the implementation of paragraphs 1 and 2. Until these rules are adopted, the provisions of the Agreement on interpretation and application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade shall be applied as the rules for the implementation of paragraphs 1(iii) and related parts of paragraph 2.

4. (a) For the purposes of applying the provisions of paragraph 1, point (iii), the Parties recognize that during the first five years after the entry into force of the Agreement, any public aid by Poland shall be assessed taking into account the fact that Poland shall be regarded as an area identical to those areas of the Community described in Article 92.3(a) of the Treaty establishing the European Economic Community. The Joint Committee shall, taking into account the economic situation of Poland, decide whether that period should be extended by further periods of five years.

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

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

- the provision of paragraph 1(iii) does not apply.

- any practices contrary to paragraph 1(i) should be assessed according to the criteria established by the Community on the basis of Articles 42 and 43 of the Treaty establishing the European Economic Community and in particular of those established in Council Regulation No. 26/1962.
6. If the Community or Poland considers that a particular practice is incompatible with the terms of the first paragraph of this Article, and:

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

it may take appropriate measures after consultation within the Joint Committee or after thirty working days following referral for such consultation.

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

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

8. This Article shall not apply to the products covered by the Treaty establishing the European Coal and Steel Community which are the subject of Protocol No. 2.

**Article 34 (EA 64)**

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

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

**Article 35 (EA 65)**

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

Article 36 (EA 66)

1. Poland shall continue to improve the protection of intellectual, industrial and commercial property rights in order to provide, by the end of the fifth year from the entry into force of the Agreement, a level of protection similar to that provided in the Community by Community Acts, in particular the ones referred to in Annex XIII, including comparable means of enforcing such rights.

2. Mutual assistance between administrative authorities in customs matters of the Parties shall take place in accordance with the provisions of Protocol No. 6.

TITLE III

Institutional, General and Final Provisions

Article 37 (EA 102)

The Joint Committee set up by the Agreement on Trade and Commercial and Economic Co-operation signed between the European Economic Community and Poland on 19 September 1989 shall perform the duties assigned to it by this Agreement until the Association Council provided for in Article 102 of the Europe Agreement is established.

Article 38 (EA 104)

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

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

Article 39 (EA 105)

1. Each of the two parties may refer to the Joint Committee any dispute relating to the application or interpretation of this Agreement.

2. The Joint Committee may settle the dispute by means of a decision.
3. Each party shall be bound to take the measures involved in carrying out the decision referred to in paragraph 2.

4. In the event of it not being possible to settle the dispute in accordance with paragraph 2 of this Article, either party may notify the other of the appointment of an arbitrator; the other party must then appoint a second arbitrator within two months.

The Joint Committee shall appoint a third arbitrator.

The arbitrators' decisions shall be taken by majority vote.

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

Article 40 (EA 111)

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

Article 41 (EA 112)

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

(a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;

(b) which relate to the production of, or trade in, arms, munitions or war materials or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;

(c) which it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension order, constituting threat of war or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

Article 42 (EA 113)

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

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

Article 43 (EA 114)

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

Article 44 (EA 115)

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

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

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

Article 45 (EA 117)

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

Article 46 (EA 118)

1. This Agreement shall be applicable until the entry into force of the Europe Agreement signed on 16 December 1991 and at the latest until 31 December 1992.

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

Article 47 (EA 119)

This Agreement shall apply, on the one hand, to the territories in which the Treaties establishing the European Economic Community and the European Coal and Steel Community are applied and under the conditions laid down in those Treaties and, on the other hand, to the territory of the Republic of Poland.
Article 48 (EA 120)

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

Article 49 (EA 121)

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

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

Upon entry into force of this Agreement, Articles 2 and 3 paragraph 2 to 17 of the Agreement between the European Economic Community and the Republic of Poland on trade and economic and commercial co-operation signed in Brussels on 19 September 1989 and the corresponding provisions of the Protocol between the European Coal and Steel Community and the Republic of Poland signed in Brussels on 16 October 1991 shall be suspended.

Article 50 (EA 122)

1. In the event that this Agreement enters into force after 1 January but before 30 June 1992 for the purposes of Titles I and II of this Agreement and Protocols Nos. 1, 2, 3, 4, 5, 6, and 7 hereto, the terms "date of the entry into force of the Agreement" shall mean:

- the date of entry into force in relation to obligations taking effect on that date, and

- 1 January 1992 in relation to obligations taking effect after the date of entry into force by reference to the date of entry into force.

2. In the case of entry into force after 1 January, the provisions of Protocol No. 7 shall apply.