

TITLE VIII

COOPERATION POLICIES

ARTICLE 86

1. The Community and Bosnia and Herzegovina shall establish close cooperation aimed at contributing to the development and growth potential of Bosnia and Herzegovina. Such cooperation shall strengthen existing economic links on the widest possible foundation, to the benefit of both Parties.
2. Policies and other measures shall be designed to bring about sustainable economic and social development of Bosnia and Herzegovina. These policies should ensure that environmental considerations are also fully incorporated from the outset and that they are linked to the requirements of harmonious social development.
3. Cooperation policies shall be integrated into a regional framework of cooperation. Special attention will have to be devoted to measures that can foster cooperation between Bosnia and Herzegovina and its neighbouring countries including Member States, thus contributing to regional stability. The Stabilisation and Association Council may define priorities between and within the cooperation policies described hereinafter, in line with the European Partnership.

ARTICLE 87

Economic and trade policy

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

At the request of the authorities of Bosnia and Herzegovina, the Community may provide assistance designed to support Bosnia and Herzegovina's efforts to establish a functioning market economy and to gradually approximate its policies to the stability-oriented policies of the European Economic and Monetary Union.

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

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

ARTICLE 88

Statistical cooperation

Cooperation between the Parties shall primarily focus on priority areas related to the Community *acquis* in the field of statistics. It shall notably be aimed at developing efficient and sustainable statistical systems capable of providing comparable, reliable, objective and accurate data needed to plan and monitor the process of transition and reform in Bosnia and Herzegovina. It should also enable the state and entity Statistical Offices to better meet the needs of their national and international customers (both public administration and private sector). The statistical system should respect the fundamental principles of statistics issued by the UN, the European Statistical Code of Practice and the stipulations of the European Statistical law and develop towards the Community *acquis*.

ARTICLE 89

Banking, insurance and other financial services

Cooperation between Bosnia and Herzegovina and the Community shall focus on priority areas related to the Community *acquis* in the fields of banking, insurance and other financial services. The Parties shall cooperate with the aim of establishing and developing a suitable framework for the encouragement of the banking, insurance and other financial services sectors in Bosnia and Herzegovina.

ARTICLE 90

Audit and financial control cooperation

Cooperation between the Parties shall focus on priority areas related to the Community *acquis* in the field of public internal financial control (PIFC) and external audit. The Parties shall, in particular, cooperate – through elaborating and adopting relevant regulation – with the aim of developing PIFC, including financial management and control and functionally independent internal audit, and independent external audit systems in Bosnia and Herzegovina, in accordance with internationally accepted control and audit standards and methodologies and EU best practices. Cooperation shall also focus on capacity building and training for the institutions with the purpose of developing PIFC as well as external audit (Supreme Audit Institutions) in Bosnia and Herzegovina, which also includes the establishment and strengthening of central harmonisation units for financial management and control and for internal audit systems.

ARTICLE 91

Investment Promotion and Protection

Cooperation between the Parties, within the scope of their respective competencies, in the field of investment promotion and protection shall aim to bring about a favourable climate for private investment, both domestic and foreign, which is essential to economic and industrial revitalisation in Bosnia and Herzegovina.

ARTICLE 92

Industrial Cooperation

Cooperation shall aim to promote the modernisation and restructuring of industry and individual sectors in Bosnia and Herzegovina. It shall also cover industrial cooperation between economic operators, with the objective of strengthening the private sector under conditions, which ensure that the environment is protected.

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

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

ARTICLE 93

Small and medium-sized enterprises

Cooperation between the Parties shall be aimed at developing and strengthening private sector small and medium-sized enterprises (SMEs) and shall take due account of priority areas related to the Community *acquis* in the field of SMEs, as well as the ten guidelines enshrined in the European Charter for Small Enterprises.

ARTICLE 94

Tourism

Cooperation between the Parties in the field of tourism shall be mainly aimed at strengthening the flow of information on tourism (through international networks, databanks, etc.), strengthening cooperation between tourism enterprises, experts and governments and their competent agencies in the field of tourism, and transferring know-how (through training, exchanges, seminars). Cooperation shall take due account of Community *acquis* related to this sector.

Cooperation may be integrated into a regional framework of cooperation.

ARTICLE 95

Agriculture, and the agro-industrial sector

Cooperation between the Parties shall focus on priority areas related to the Community *acquis* in the field of agriculture and veterinary and phytosanitary domains. Cooperation shall notably aim at modernising and restructuring the agriculture and agro-industrial sector in Bosnia and Herzegovina, in particular to reach veterinary and phytosanitary Community requirements and at supporting the progressive approximation of the legislation and practices of Bosnia and Herzegovina to the Community rules and standards.

ARTICLE 96

Fisheries

The Parties shall explore the possibility of identifying mutually beneficial areas of common interest in the fisheries sector. Cooperation shall take due account of priority areas related to the Community *acquis* in the field of fisheries, including the respect of international obligations concerning International and Regional Fisheries Organisation rules of management and conservation of fishery resources.

ARTICLE 97

Customs

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

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

The rules on mutual administrative assistance between the Parties in the customs field are laid down in Protocol 5.

ARTICLE 98

Taxation

The Parties shall establish cooperation in the field of taxation including measures aiming at the further reform of Bosnia and Herzegovina's fiscal system and the restructuring of tax administration with a view to ensuring effectiveness of tax collection and reinforcing the fight against fiscal fraud.

Cooperation shall take due account of priority areas related to the Community acquis in the field of taxation and in the fight against harmful tax competition. Elimination of harmful tax competition should be carried out on the basis of the principles of the Code of Conduct for business taxation agreed by the Council on 1 December 1997.

Cooperation shall also be geared to enhancing transparency and fighting corruption, and include exchange of information with the Member States in an effort to facilitate the enforcement of measures preventing tax fraud, evasion or avoidance. Bosnia and Herzegovina shall also complete the network of bilateral Agreements with Member States, along the lines of the latest update of the OECD Model Tax Convention on Income and on Capital as well as on the basis of the OECD Model Agreement on Exchange of Information in Tax Matters, to the extent that the requesting Member State subscribes to these.

ARTICLE 99

Social cooperation

The Parties shall cooperate to facilitate the development of the employment policy in Bosnia and Herzegovina, in the context of strengthened economic reform and integration. Cooperation shall also seek to support the adaptation of the social security system of Bosnia and Herzegovina to the new economic and social requirements, with a view to ensuring equity of access and effective support to all vulnerable people and may involve the adjustment of the legislation in Bosnia and Herzegovina concerning working conditions and equal opportunities for women and men, for people with disabilities and for all vulnerable people including those belonging to minority groups as well as the improvement of the level of protection of the health and safety of workers, taking as a reference the level of protection existing in the Community.

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

ARTICLE 100

Education and training

The Parties shall cooperate with the aim of raising the level of general education and vocational education and training in Bosnia and Herzegovina, as well as youth policy and youth work, including non-formal education. A priority for higher education systems shall be the achievement of the objectives of the Bologna Declaration in the intergovernmental Bologna process.

The Parties shall also cooperate with the aim of ensuring that access to all levels of education and training in Bosnia and Herzegovina is free of any discrimination on the grounds of gender, colour, ethnic origin or religion. A priority should be for Bosnia and Herzegovina to comply with the commitments assumed in the framework of relevant international conventions dealing with these issues.

The relevant Community programmes and instruments shall contribute to the upgrading of educational and training structures and activities in Bosnia and Herzegovina.

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

ARTICLE 101

Cultural cooperation

The Parties undertake to promote cultural cooperation. This cooperation serves *inter alia* to raise mutual understanding and esteem between individuals, communities and peoples. The Parties also undertake to cooperate to promote cultural diversity, notably within the framework of the UNESCO Convention on the protection and promotion of diversity of cultural expressions.

ARTICLE 102

Cooperation in the audio-visual field

The Parties shall cooperate to promote the audio-visual industry in Europe and encourage coproduction in the fields of cinema and television.

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

Bosnia and Herzegovina shall align its policies on the regulation of content aspects of cross-border broadcasting with those of the Community and shall harmonise its legislation with the relevant Community *acquis*. Bosnia and Herzegovina shall pay particular attention to matters relating to the acquisition of intellectual property rights for programmes broadcast by satellite, terrestrial frequencies and cable.

ARTICLE 103

Information society

Cooperation shall primarily focus on priority areas related to the Community *acquis* regarding the information society. It shall mainly support Bosnia and Herzegovina's gradual alignment of its policies and legislation in this sector with those of the Community.

The Parties shall also cooperate with a view to further developing the Information Society in Bosnia and Herzegovina. Global objectives will include preparing society as a whole for the digital age, attracting investments and ensuring the interoperability of networks and services.

ARTICLE 104

Electronic communications networks and services

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

The Parties shall, in particular, strengthen cooperation in the area of electronic communications networks and electronic communications services, with the ultimate objective of the adoption by Bosnia and Herzegovina of the Community *acquis* in the sector one year after the entry into force of this Agreement.

ARTICLE 105

Information and communication

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

ARTICLE 106

Transport

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

Cooperation may notably aim at restructuring and modernising the transport modes in Bosnia and Herzegovina, improving the free movement of passengers and goods, enhancing the access to the transport market and facilities, including ports and airports, supporting the development of multi-modal infrastructures in connection with the main Trans-European networks, notably to reinforce regional links in the South East Europe in line with the Memorandum of Understanding on the development of the Core Regional Transport Network, achieving operating standards comparable to those in the Community, developing a transport system in Bosnia and Herzegovina compatible and aligned with the Community system and improving the protection of environment in transport.

ARTICLE 107

Energy

Cooperation shall focus on priority areas related to the Community *acquis* in the field of energy, including, as appropriate, nuclear safety aspects. It shall be based on the Treaty establishing the Energy Community and shall be developed with a view to the gradual integration of Bosnia and Herzegovina into Europe's energy markets.

ARTICLE 108

Environment

The Parties shall develop and strengthen their cooperation in the environmental field with the vital task of halting further degradation and start improving the environmental situation with the aim of sustainable development.

The Parties shall, in particular, establish cooperation with the aim of strengthening administrative structures and procedures to ensure strategic planning of environment issues and coordination between relevant actors and shall focus on the alignment of Bosnia and Herzegovina's legislation to the Community *acquis*. Cooperation could also centre on the development of strategies to significantly reduce local, regional and trans-boundary air and water pollution, including waste and chemicals, to establish a system for efficient, clean, sustainable and renewable production and consumption of energy, and to execute environmental impact assessment and strategic environmental assessment. Special attention shall be paid to the ratification and the implementation of the Kyoto Protocol.

ARTICLE 109

Cooperation on research and technological development

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

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

ARTICLE 110

Regional and local development

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

Cooperation shall take due account of the priorities of the Community *acquis* in the field of regional development.

ARTICLE 111

Public administration reform

Cooperation will aim to further the development of an efficient and accountable public administration in Bosnia and Herzegovina, building on the reform efforts undertaken to date in this area.

Cooperation in this area shall focus mainly on institution building, in line with European Partnership requirements, and will include aspects such as the development and implementation of transparent and impartial recruitment procedures, human resources management and career development for the public service, continued training, the promotion of ethics within the public administration and the strengthening of the policy making process. Reforms will take due account of fiscal sustainability objectives, including aspects of fiscal architecture. Cooperation shall cover all levels of public administration in Bosnia and Herzegovina.