

On the basis of this review, the SAC will issue recommendations and may take decisions. Where the review identifies particular difficulties, they may be referred to the mechanisms of dispute settlement established under this Agreement.

The full association shall be progressively realised. No later than the third year after the entry into force of this Agreement, the SAC shall make a thorough review of the application of this Agreement. On the basis of this review the SAC shall evaluate progress made by Serbia and may take decisions governing the following stages of association.

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

Article 9

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

TITLE II

POLITICAL DIALOGUE

Article 10

1. Political dialogue between the Parties shall be further developed within the context of this Agreement. It shall accompany and consolidate the rapprochement between the European Union and Serbia and contribute to the establishment of close links of solidarity and new forms of cooperation between the Parties.

2. The political dialogue is intended to promote in particular:

- (a) full integration of Serbia into the community of democratic nations and gradual rapprochement with the European Union;
- (b) an increasing convergence of positions of the Parties on international issues, including CFSP issues, also through the exchange of information as appropriate, and, in particular, on those issues likely to have substantial effects on the Parties;
- (c) regional cooperation and the development of good neighbourly relations;
- (d) common views on security and stability in Europe, including cooperation in the areas covered by the CFSP of the European Union.

Article 11

1. Political dialogue shall take place within the Stabilisation and Association Council, which shall have the general responsibility for any matter which the Parties might wish to put to it.

2. At the request of the Parties, political dialogue may also take place in the following forms:

- (a) meetings, where necessary, of senior officials representing Serbia, on the one hand, and the Presidency of the Council of the European Union, the Secretary-General/High Representative for the Common Foreign and Security Policy and the Commission of the European Communities (hereinafter referred to as 'European Commission'), on the other;
- (b) taking full advantage of all diplomatic channels between the Parties, including appropriate contacts in third countries and within the United Nations, the OSCE, the Council of Europe and other international fora;
- (c) any other means which would make a useful contribution to consolidating, developing and stepping up this dialogue, including those identified in the Thessaloniki agenda, adopted in the Conclusions of the European Council in Thessaloniki on 19 and 20 June 2003.

Article 12

A political dialogue at parliamentary level shall take place within the framework of the Stabilisation and Association Parliamentary Committee established under Article 125.

Article 13

Political dialogue may take place within a multilateral framework, and as a regional dialogue including other countries of the region, including in the framework of the EU-Western Balkan forum.

TITLE III

REGIONAL COOPERATION

Article 14

In conformity with its commitment to international and regional peace and stability, and to the development of good

neighbourly relations, Serbia shall actively promote regional cooperation. The Community assistance programmes may support projects having a regional or cross-border dimension through its technical assistance programmes.

Whenever Serbia intends to enhance its cooperation with one of the countries mentioned in Articles 15, 16 and 17, it shall inform and consult the Community and its Member States according to the provisions laid down in Title X.

Serbia shall implement fully the Central European Free Trade Agreement signed in Bucharest on 19 December 2006.

Article 15

Cooperation with other countries having signed a Stabilisation and Association Agreement

After the signature of this Agreement, Serbia shall start negotiations with the countries which have already signed a Stabilisation and Association Agreement with a view to concluding bilateral conventions on regional cooperation, the aim of which shall be to enhance the scope of cooperation between the countries concerned.

The main elements of these conventions shall be:

- (a) political dialogue;
- (b) the establishment of free trade areas, consistent with relevant WTO provisions;
- (c) mutual concessions concerning the movement of workers, establishment, supply of services, current payments and movement of capital as well as other policies related to movement of persons at an equivalent level to that of this Agreement;
- (d) provisions on cooperation in other fields whether or not covered by this Agreement, and notably the field of Justice, Freedom and Security.

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

These conventions shall be concluded within two years after the entry into force of this Agreement. Readiness by Serbia to

conclude such conventions will be a condition for the further development of the relations between Serbia and the European Union.

Serbia shall initiate similar negotiations with the remaining countries of the region once these countries will have signed a Stabilisation and Association Agreement.

Article 16

Cooperation with other countries concerned by the Stabilisation and Association process

Serbia shall pursue regional cooperation with the other States concerned by the Stabilisation and Association process in some or all the fields of cooperation covered by this Agreement, and notably those of common interest. Such cooperation should always be compatible with the principles and objectives of this Agreement.

Article 17

Cooperation with other countries candidate for EU accession not concerned by the Sap

1. Serbia should foster its cooperation and conclude a convention on regional cooperation with any country candidate for EU accession in any of the fields of cooperation covered by this Agreement. Such conventions should aim to gradually align bilateral relations between Serbia and that country with the relevant part of the relations between the Community and its Member States and that country.

2. Serbia shall start negotiations with Turkey which has established a customs union with the Community, with a view to concluding, on a mutually advantageous basis, an Agreement establishing a free trade area in accordance with Article XXIV of the GATT 1994 as well as liberalising the establishment and supply of services between them at an equivalent level of this Agreement in accordance with Article V of the GATS.

These negotiations should be opened as soon as possible, with a view to concluding the abovementioned Agreement before the end of the transitional period referred to in Article 18(1).

TITLE IV

FREE MOVEMENT OF GOODS

Article 18

1. The Community and Serbia shall gradually establish a bilateral free trade area over a period lasting a maximum of six years starting from the entry into force of this Agreement in accordance with the provisions of this Agreement and in conformity with those of the GATT 1994 and the WTO. In so doing they shall take into account the specific requirements laid down hereinafter.

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

3. For the purpose of this Agreement customs duties and charges having equivalent effect to customs duties include any duty or charge of any kind imposed in connection with the