

(b) other advantages granted in accordance with the list of exemptions from most-favoured-nation treatment annexed by either Party to the GATS.

TITLE IV PAYMENTS, CAPITAL, COMPETITION AND OTHER ECONOMIC PROVISIONS

CHAPTER I CURRENT PAYMENTS AND MOVEMENT OF CAPITAL

Article 33

Subject to the provisions of Article 35, the Parties undertake to allow all current payments for current transactions to be made in a freely convertible currency.

Article 34

1. With regard to transactions on the capital account of balance of payments, the Community and Tunisia shall ensure, from the entry into force of this Agreement, that capital relating to direct investments in Tunisia in companies formed in accordance with current laws can move freely and that the yield from such investments and any profit stemming therefrom can be liquidated and repatriated.

2. The Parties shall consult each other with a view to facilitating, and fully liberalising when the time is right, the movement of capital between the Community and Tunisia.

Article 35

Where one or more Member States of the Community, or Tunisia, is in serious balance of payments difficulties, or under threat thereof, the Community or Tunisia, as the case may be, may, in accordance with the conditions established under the General Agreement on Tariffs and Trade and Articles VIII and XIV of the Articles of Agreement of the International Monetary Fund, adopt restrictions on current transactions which shall be of limited duration and may not go beyond what is strictly necessary to remedy the balance of payments situation. The Community or Tunisia, as the case may be, shall inform the other Party forthwith and shall submit to it as soon as possible a timetable for the elimination of the measures concerned.

CHAPTER II COMPETITION AND OTHER ECONOMIC PROVISIONS

Article 36

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

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

(b) abuse by one or more undertakings of a dominant position in the territories of the Community or of Tunisia as a whole or in a substantial part thereof;

(c) any official aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods, with the exception of cases in which a derogation is allowed under the Treaty establishing the European Coal and Steel Community.

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 Community and, in the case of products falling within the scope of the European Coal and Steel Community, the rules of Articles 65 and 66 of the Treaty establishing that Community, and the rules relating to state aid, including secondary legislation.

3. The Association Council shall, within five years of the entry into force of this Agreement, adopt 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 paragraph 1(c) and related parts of paragraph 2.

4. (a) For the purposes of applying the provisions of paragraph 1(c), the Parties recognize that during the first five years after the entry into force of this Agreement, any State aid granted by Tunisia shall be assessed taking into account the fact that Tunisia 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 Community.

During the same period of time, Tunisia may exceptionally, as regards ECSC steel products, grant State aid for restructuring purposes provided that:

- it leads to the viability of the recipient firms under normal market conditions at the end of the restructuring period,
- the amount and intensity of such aid are strictly limited to what is absolutely necessary in order to restore such viability and are progressively reduced,
- the restructuring programme is linked to a comprehensive plan for rationalising capacity in Tunisia.

The Association Council shall, taking into account the economic situation of Tunisia, decide whether the period should be extended every five years.

(b) Each Party shall ensure transparency in the area of official 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 official aid.

5. With regard to products referred to in Chapter II of Title II:

- the provisions of paragraph 1(c) do not apply,
- any practices contrary to paragraph 1(a) shall be assessed according to the criteria established by the Community on the basis of Articles 42 and 43 of the Treaty establishing the European Community, and in particular those established in Council Regulation No 26/62.

6. If the Community or Tunisia considers that a particular practice is incompatible with the terms of paragraph 1, 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 Association Committee or after 30 working days following referral to that Committee.

In the case of practices incompatible with paragraph 1(c) of this Article, such appropriate measures may, where the General Agreement on Tariffs and Trade applies thereto, only be adopted in accordance 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 is applicable between the Parties.

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

Article 37

The Member States and Tunisia shall progressively adjust, without affecting commitments made under the GATT, 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 Tunisia. The

Association Committee will be informed about the measures adopted to implement this objective.

Article 38

With regard to public enterprises and enterprises which have been granted special or exclusive rights, the Association Council shall ensure, from the fifth year following the entry into force of the Agreement, that no measures which disturbs trade between the Community and Tunisia in a manner which runs counter to the interests of the Parties is adopted or maintained. This provision shall not impede the performance in fact or in law of the specific functions assigned to those enterprises.

Article 39

1. The Parties shall provide suitable and effective protection of intellectual, industrial and commercial property rights, in line with the highest international standards. This shall encompass effective means of enforcing such rights.

2. Implementation of this Article and of Annex 7 shall be regularly assessed by the Parties. If difficulties which affect trade arise in connection with intellectual, industrial and commercial property rights, either Party may request urgent consultations to find mutually satisfactory solutions.

Article 40

1. The Parties shall take appropriate steps to promote the use by Tunisia of Community technical rules and European standards for industrial and agri-food products and certification procedures.

2. Using the principles set out in paragraph 1 as a basis, the Parties shall, when the circumstances are right, conclude agreements for the mutual recognition of certifications.

Article 41

1. The Parties shall set as their objective a reciprocal and gradual liberalisation of public procurement contracts.

2. The Association Council shall take the steps necessary to implement paragraph 1.

TITLE V ECONOMIC COOPERATION

Article 42 Objectives

1. The Parties undertake to step up economic cooperation in their mutual interest and in the spirit of partnership which is at the root of this Agreement.