recommendations of the WTO Agreement on Technical Barriers to Trade relating to technical barriers issues when carrying out trade transactions.

CHAPTER II
AGRICULTURE, AGRICULTURAL AND FISHERY PRODUCTS

Article 10
Scope

Provisions of this Chapter shall apply to agricultural products originating in one of the Contracting Parties. The term "agricultural products" for purposes of this Chapter will refer to products falling within Chapters 1 to 24 of the Harmonized Commodity Description and Coding System., as well as to products listed in Annex 1 to this Agreement.

Article 11
Exchange of concessions

The Contracting Parties declare their readiness to develop trade in agricultural products in conformity with provisions of this Chapter and requirements of the World Trade Organization (WTO).

Article 12
Concessions and Agricultural Policy

The Contracting Parties shall grant each other concessions listed in Protocol B, while applying measures facilitating trade in agricultural products in conformity with provisions of this Chapter and provisions of the Protocol.

Article 13
Special Safeguards

Notwithstanding other provisions of this Agreement, and, in particular, Article 19, in case of particularly sensitive agricultural products, in instances where import of products originating in one of the Contracting Parties, and to which under this Agreement concessions apply, seriously disrupts operation of the market of the other Party, the former Party shall immediately enter into consultations to resolve this problem. Pending such a decision such Contracting Party may take measures it deems necessary in conformity with national legislation.

Article 14
Sanitary and Phytosanitary Measures

1. The Contracting Parties shall apply their national veterinary, sanitary and phytosanitary regulations on the nondiscriminatory basis and shall not introduce any new measures leading to unjustifiable barriers to trade.
2. Veterinary, sanitary and phytosanitary measures will be applied in accordance with international conventions to which both Contracting Parties are parties.

CHAPTER III
GENERAL PROVISIONS

Article 15

Internal Taxation

1. The Contracting Parties shall not take any measures or actions of internal fiscal nature, which may, directly or indirectly, cause discrimination against products originating in the Contracting Parties.
2. Products, exported to one of the Contracting Parties, shall not have advantages from the refunding of internal taxes in the amount exceeding the amount of direct or indirect taxes imposed on these products.

Article 16
Customs Unions, Free Trade Areas and Cross-border Trade

1. This Agreement shall not prohibit creation or administration of customs unions, free trade areas or cross-border trade agreements, provided that such unions do not negatively affect the trading regimes of the Contracting Parties and, in particular, this Agreement does not contain provisions concerning rules of origin.
2. The Contracting Parties shall immediately inform each other of any agreement establishing a customs union or a free trade area, as well as of accession to the European Union.

Article 17
Structural Adjustment

1. Any of the Contracting Parties may take emergency measures of limited duration in the form of higher customs duties.
2. These measures may only concern new industry sectors or certain sectors undergoing restructuring or facing serious difficulties, particularly where such difficulties cause significant social problems.
3. Customs duties on imports applied by the Contracting Party to products originating in the other Party, introduced as part of such measures, may not exceed 25% of the value; certain preferences shall be maintained in such a case for products, originating in the other Party. The total volume of imports of products subject to these measures may not exceed 15% of total imports of industrial products from the other Contracting Party, under Article 4, during the last year for which statistical data are available.
4. These measures shall be applied for a period not exceeding five consecutive years, unless a longer period is authorized by the Joint Committee.
5. No such measures can be introduced in respect of a product, if more than three years have passed since the elimination of duties and quantitative limitations, tariffs or measures, having equivalent effect, concerning the product in question.
6. The Contracting Party concerned shall inform the Joint Committee of any emergency measures it intends to take and, prior to the application of such measures, upon request of the other Party, consultations shall be held at the Joint Committee concerning such measures and relevant sectors. When taking such measures, the Party concerned shall provide the Joint Committee with a schedule for the elimination of the customs duties carried out under this Article. This schedule shall provide information on the phasing out of these duties, starting not later than two years after their introduction, at equal annual rates. The Joint Committee may approve a different schedule.

Article 18
Antidumping and Countervailing Measures

Nothing in this Agreement shall prejudice or affect in any way the taking, by either

Party of anti-dumping or countervailing measures in accordance with Article VI of the GATT 1994 , the Agreement on Implementation of Article VI of the GATT 1994 and the Agreement on Subsides and Countervailing Measures.

Article 19
General safeguards

Where a product is being imported into any of the Contracting Parties in such quantities and under such conditions that may cause or threaten to cause:

a) serious injuries to domestic producers of like or the same products in the territory of the importing Party, or
b) serious disruptions to any related sector of the economy or difficulties which could bring about serious deterioration of the economic situation in the region of the Contracting Parties.

the Contracting Party concerned may take appropriate measures in conformity with conditions and the procedure set forth in Article 22.

Article 20
Re-export and acute shortage

1. Where compliance with provisions of Articles 7 and 8 causes:
(a) re-export to a third country against which the exporting Contracting Party maintains for the product concerned quantitative export restrictions, export duties or measures having equivalent effect; or
(b) an acute shortage, or a threat thereof, of a product essential to the exporting Contracting Party; and in cases where the situation referred to above causes or is likely to cause, major difficulties for the exporting Party,
this Contracting Party may take appropriate measures following conditions and procedure set forth in Article 22.
2. Measures, taken as a result of the situation referred to in Paragraph 1, shall be applied in a non-discriminatory manner and be eliminated when the existing conditions no longer justify their application.

Article 21
State Monopolies

1. The Contracting Parties shall carry out gradual adjustment of any state monopoly of a commercial nature to ensure that no discrimination regarding the conditions under which goods are produced and sold exists between nationals of the Contracting Parties.
2. The Joint Committee shall be informed about the measures taken to achieve this objective.

Article 22
Procedure for application of safeguard measures

1. Before initiating the procedure for the application of safeguard measures set forth in the following Paragraphs of this Article, the Contracting Parties shall seek to settle any disputes between themselves through the Joint Committee.
2. If a Contracting Party subjects imports of products that may give rise to the situation referred to in Article 19, to an administrative procedure aimed to promptly obtain information on the trade dynamics, it shall be required to notify the other Party of this measure.

3. Notwithstanding Paragraph 7 of this Article, a Contracting Party which intends to apply safeguard measures shall be required to immediately notify of that the other Party and provide it with all relevant information. Consultations between the Contracting Parties shall take place without delay in the Joint Committee with a view to finding a mutually acceptable solution.
4. (a) In conformity with Articles 18, 19 and 20, the Joint Committee shall examine the situation and may take any decision needed to eliminate difficulties notified by the Party concerned. If such a decision has not been passed within thirty days after the matter was referred to the Joint Committee, the Contracting Party concerned may implement measures needed to remedy the situation,
(b) Under Article 33, the Contracting Party concerned may take appropriate measures after the consultations have been concluded or after a period of three months has passed from the date of the first notification to the other Party,
(c) Under Article 26, the Contracting Party concerned shall provide the Joint Committee with all the assistance required to examine the situation and, if necessary, shall discontinue the activity that causes that situation. If the other Contracting Party fails to discontinue such activity within the period set forth by the Joint Committee, or if the Joint Committee fails to pass a decision on the matter during thirty working days, the Party concerned may take measures necessary to overcome difficulties resulting from the activity in question.
5. The safeguard measures taken shall be notified immediately to the Joint Committee. The extent and to duration of such measures shall be limited to what is sufficient to remedy the situation so that injuries caused by the application of such measures would not exceed the injury caused by the practice or difficulties that caused application of these measures. Priority shall be given to measures that are the least distorting with respect to the functioning of this Agreement.
6. The safeguard measures taken shall periodically reviewed through the consultations in the Joint Committee with a view to their weakening or elimination when their application is no longer justifiable.
7. Where exceptional circumstances requiring an immediate action make prior examination impossible, the Contracting Party concerned may, in accordance with Articles 18, 19 and 20, apply provisional measures necessary to remedy the situation. The measures shall be notified immediately to the other Party, and consultations between the Contracting Parties shall be carried out as soon as possible through the Joint Committee.

Article 23
General exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit, justified on the grounds of public ethics, public policy or public security, protection of health and life of humans, animals or plants and environment; the protection of national treasures possessing artistic, historic or archeological value; the protection of intellectual property or rules, relating to gold or silver or the conservation of exhaustible natural resources, if such measures are applied in combination with restrictions applied to domestic producers or consumers. Such prohibitions or restrictions shall not, however, constitute a means of discrimination or a disguised restriction on trade between the Contracting Parties.

Article 24
Rules of origin, co-operation and customs administration

1. Protocol C of this Agreement sets forth rules of origin and related methods of administrative cooperation.
2. The Contracting Parties shall take appropriate measures, including regular reviews by the Joint Committee and administrative co-operation arrangements, to ensure effective and coordinated application of provisions of the abovementioned Protocol 2 and Articles 3 to 8, 12, 15 and 17 of this Agreement, and to reduce to the extent possible the formalities relating to trade and to achieve mutually satisfactory solutions to any disputes that may arise as a result of the application of these provisions.

Article 25
Payments

The Contracting Parties, in accordance with their legislation and by mutual consent, will allow making payments in freely convertible currencies to current accounts of the balance of payments, as far as adjustments related to the payments, affect trade.

Article 26
Rules of Competition between Undertakings and State Aid

1. The following are incompatible with the proper operation of this Agreement in so far as they may affect trade between the Contracting Parties.
(a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which are aimed at obstructing, restricting or distorting competition;
(b) abuse by one or more undertakings of a dominant position in the territories of the Contracting Parties as a whole or in the part thereof;
(c) any state aid which distorts or threatens to distort competition by favoring certain undertakings or the production of certain goods.
2. If a Contracting Party finds that a given practice is incompatible with the principles of Paragraphs 1(a) and (b) of this Article, or if such practice causes or threatens to cause serious injury to the interests of that Party or material injury to its domestic industry, the Party concerned may take appropriate measures under the conditions and in accordance with the procedure set forth in Article 22.
3. The provisions of Paragraph 1 (c) shall not apply to products referred to in Chapter II.
4. The Joint Committee shall, within three years from the entry into force of this Agreement, develop criteria for determination of practices falling under Paragraph 1 (c), as well as the rules for implementation of such criteria.

5. The Contracting Parties shall ensure transparency of state aid measures, *inter alia* by reporting annually to the Joint Committee on the total amount and the distribution of the aid provided by the state, and by providing, upon request, information on the plan for provision of the state aid in particular cases.
6. If a Contracting Party finds that a particular practice:
- is incompatible with the terms of Paragraph 1 (c), or is not applied consistently with the rules of Paragraph 4, or
- in the absence of rules, referred to in Paragraph 4, causes or threatens to cause serious injury to the interest of that Contracting Party or material injury to its domestic industry, that Contracting Party may take appropriate measures under the conditions and provisions set forth in Article 22.

Such appropriate measures may only be taken in conformity with procedures and under conditions set forth by the GATT 1994 and by the Marrakech Agreement establishing the WTO, and any other relevant instruments used between the Parties, agreements concerning which were adopted by the Parties under the auspices of the WTO.

Article 27
Payment difficulties

Where a Contracting Party faces serious payments difficulties, or where there is an imminent threat thereof, the Party concerned may, in accordance with the conditions established under the GATT 1994 and Article VIII of Articles of Agreement of the International Monetary Fund, apply provisional measures, including measures related to imports, for a limited period that does not exceed the period needed to remedy the balance of payments situation. Such measures shall be gradually relaxed as balance of payments conditions improve and will be eliminated when the conditions no longer justify their application. The Contracting Party implementing such measures shall inform the other Party of that before their application and, whenever practicable, of a time schedule for their elimination.

Article 28
Intellectual Property Rights

1. The Contracting Parties confirm their willingness to cooperate in the area of issues related to the trade-related intellectual property rights, and, if necessary, to apply measures provided for in Annex I C to the Marrakech Agreement establishing the WTO, as well as other multilateral agreements on issues concerning intellectual property protection, to which both Contacting Parties are parties; this list is included in Annex II.
2. For purposes of this Agreement, term "intellectual property" refers to all categories of intellectual property such as copyright and related rights, trademarks, geographical indications, integrated circuit layouts, industrial designs, patents, protected information, including know-how.
3. In fulfillment of their commitments under international agreements and legislation in the field of intellectual property rights, the Contracting Parties to this Agreement shall not grant to nationals of the other Party treatment less favorable than that accorded to nationals of any third state, with the exemption of relations between citizens of CIS countries and Ukraine.
4. The Contracting Parties shall co-operate in matters of intellectual property. Upon request of a Contracting Party, they shall hold expert consultations on these matters, in particular with respect to issues relating the existing or future international agreements on coordination, administration and protection of intellectual property rights and on activities in international organizations, such as the WTO, World Intellectual Property Organization, as well as relations of the Parties with third countries with respect to the intellectual property matters.
5. Implementation of provisions of this Article shall be regularly assessed by the Contracting Parties. If difficulties in trade arise due to the rights to intellectual property, including industrial property, either of the Contracting Parties may call for urgent consultations to find a mutually acceptable solution

Article 29
Public Procurement

1. The Contracting Parties consider liberalization of their public procurement markets an objective of this Agreement. The Parties shall seek to open up awarding of public contracts on the basis of non-discrimination and reciprocity.
2. The Contracting Parties shall progressively develop their respective rules and practices of public procurement and shall grant suppliers of the other Contracting Party access to contract award procedures in their respective public procurement Markets, which will be not less favorable than that accorded to companies of any third country.
3. The Joint Committee shall review a list of tasks specified in this Article and may offer practical recommendations concerning implementation of provisions of Paragraph 2 of this Article to ensure free access, transparency and full balance of rights and obligations. During the examination of the situation referred to in Paragraph 2 of this Article, the Joint Committee may consider, especially in the light of international regulations in this area, the possibility of extending the coverage and/or the degree of openness of the market provided for in Paragraph 2 of this Article.
4. The Contracting Parties shall endeavor to accede to relevant Agreements negotiated under the auspices of the GATT 1994 and the Marrakech Agreement establishing the WTO.

Article 30
The Joint Committee

1. A Joint Committee is hereby established in which each Contracting Party shall be represented.
2. The Joint Committee shall be responsible for, and shall ensure proper implementation of this Agreement.
3. For the purpose of the proper implementation of this Agreement, the Contracting Parties will share information and, upon request of any Party, shall hold consultations within the Joint Committee. The Committee shall keep under review the possibility of further removal of the obstacles to trade between the Contracting Parties.
4. The Joint Committee may, in accordance with provisions of Paragraph 3 of Article 31, take decisions in cases provided for in this Agreement. With respect to other Matters, the Committee may make recommendations.

Article 31
Rules of Procedure of the Joint Committee

1. To ensure proper implementation of this Agreement, the Joint Committee shall meet whenever necessary, but at least once a year. Either Party may request such a meeting.
2. If a Contracting Party's representative in the Joint Committee has agreed to a decision that requires implementation of domestic government procedures, such a decision shall enter into force after notification of the adoption of the relevant government decision of the other Party, unless a later date is specified in that decision.
3. The Joint Committee shall adopt its rules of procedure which shall, inter alia, contain provisions concerning conduct of meetings, election of the Chairperson and establishment of his/her term of office.
4. The Joint Committee may decide to set up sub-committees and working groups it deems necessary to help implement particular tasks.

Article 32
Security Exceptions

Nothing in this Agreement shall prevent a Party from taking any measures which it finds necessary:
a) to prevent disclosure of information that will threaten its essential national security interests;
b) for protection of its essential national security interests or for implementation of international obligations or national policies:
I) relating to trade in arms, ammunition and military equipment, provided that such measures do not impair the conditions of competition in respect of products not specifically intended for military purposes; it also applies to trade in other goods, materials and services, which is carried out directly or indirectly for the purpose of supplying a military establishment; or
II) relating to non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or
III) taken in time of war or other serious aggravation of the international situation presenting a threat of war.

Article 33
Fulfillment of obligations

1. The Contracting Parties shall take all necessary measures to ensure achievement of the objectives and fulfillment of obligations under this Agreement.
2. If a Contracting Party finds that the other Party has failed to fulfill an obligation under this Agreement, the Party concerned may take appropriate measures under conditions and in accordance with procedures set forth in Article 22.

Article 34
Clause on development of trade relations

Where a Contracting Party considers that it would be useful in the interest of the development of economies of the Contracting Parties to develop and deepen the relations established by this Agreement by extending them to fields not covered by this Agreement, this Contracting Party shall submit a substantiated request to the other Party. The Contracting Parties may instruct the Joint Committee to examine this request and, where appropriate, to make recommendations to them, particularly with a view to commencing negotiations on this matter.

Article 35
Amendments

Any amendments to this Agreement other than those adopted under Paragraph 3 of Article 31, and those approved by the Joint Committee, shall enter into force on the date of the receipt of the latest diplomatic note confirming completion of all procedures required to enact the amendments in accordance with national legislation of each Contracting Party.

Article 36
Protocols and Annexes

Annexes and Protocols to this Agreement form an integral part of it. The Joint Committee may take a decision to amend the Annexes and Protocols on condition of conformity with domestic government procedures of the Contracting Parties.

Article 37
Effective period and termination

1. The Agreement is made for an indefinite period.
2. Each Contracting Party to this Agreement may withdraw therefrom by means of a written notification of that to the other Party. This Agreement shall be terminated effect sixth months after the date on which the notification was received by the other Party.
3. The Contracting Parties agree that in case of accession of one of the Parties to this Agreement to the European Union, the Agreement will be terminated on the day preceding the date of the accession to the EU.
4. The Contracting Parties will resolve through negotiations all issues concerning relevant compensations provided for under Paragraph 3 of this Article.

Article 38
Entry into force

This Agreement shall enter into force within thirty days after the date of the receipt trough diplomatic channels of the last written notification confirming the fulfillment of all necessary national government procedures required for entry into force of this Agreement.
IN WITNESS WHEREOF, the undersigned authorized officials have made this Agreement.
DONE in two copies on 18 January 2001 in Skopje, each copy presented in Macedonian, Ukrainian and English language, each of these texts being authentic. If differences arise concerning interpretation and application of provisions of this Agreement, the English-language copy shall prevail.

For Republic of Macedonia

For Ukraine

Annex I
(refers to Articles 2 and 10 of the Agreement)

Code	Brief description of the product
2905 43	Mannitol
2905 44	D-glucitol (sorbitol)
3302 10 29	Other mixtures of odoriferous substances and mixtures
3501 10	Casein
3501 10 10	For the manufacture of regenerated textile fibers
3501 10 50	For industrial uses other than the manufacture of foodstuffs or fodder
3501 90 90	Other
3501 90	Other
3501 10 90	Other
3502	Albumins (including concentrates of two or more whey proteins, containing by weight more than 80% whey proteins, calculated on the dry matter), albuminates and other albumin derivatives
3505	Dextrins and other modified starches (for example, pregelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches
3809	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included
4501	Natural cork, raw or simply prepared; waste cork; crushed, granulated or ground cork
5201 00	Cotton, not carded or combed
5301	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garnetted stock)
5302	True hemp (Cannabis sativa L.), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock)

Annex II
concerning paragraph 1 of Article 28

Protection of intellectual property

The following multilateral agreements are referred to in paragraph 1 of Article 28:

1. Paris convention of 20 March 1883 on protection of industrial property (the Act of Stockholm, 1967, as amended in 1979);

2. Bern convention of 9 September 1886 on protection of literary and artistic creations (Paris Act, 1971);

3. International convention of 26 October 1961 on protection of performers, producers of phonograms and television and radio broadcasting organizations (Rome Convention);

4. Madrid agreement on international registration (the Act of Stockholm, 1967, as amended in 1979);

5. Budapest agreement on international recognition of preservation of microorganisms for purposes of patenting procedures (1977, as amended in 1980);

6. Agreement on patent cooperation (Washington, 1970, as amended in 1979 and with additions of 1984);

7. Convention founding the World Intellectual Property Organization (the Act of Stockholm, 1967, as amended in 1979);

8. Madrid agreement for the repression of false or deceptive indication of source on goods (1981, as amended in 1967);

9. Convention on protection of phonograms from unauthorized reproduction (Geneva, 1971);

10. Hague agreement on international protection of industrial designs (Hague, 1925, as amended in 1960 and complemented by the Act of Stockholm of 1967).

Protocol A
(referred to in paragraph 2 of Article 4)

Customs duty on imports and other fees having an equivalent effect

Article 1

This Protocol applies to products specified in Chapter I of this Agreement.

Article 2

As of the date of enactment of this Agreement Macedonia shall abolish the customs duty on imports of the products supplied from Ukraine except for the products falling into the categories specified in Annex 1 to this Protocol.

Article 3

As of the date of enactment of this Agreement Ukraine shall abolish the customs duty on imports of the products supplied from Macedonia except for the products falling into the categories specified in Annex 2 to this Protocol.

Article 4

Ukraine and Macedonia may continue to use their licensing systems for import and export products during the transition period that ends not later than 4 years after the enactment of this Agreement.

Article 5

In the event of changes in the national legislation concerning tariff codes specified in Annexes 1 and 2 to this Protocol, the Contracting Parties shall immediately notify each other of such changes.

Annex 1

1. As this Agreement takes effect, in accordance with Article 38 and the schedule presented below, the customs duties for product categories specified in list A shall be gradually abolished as follows:

- the first year - to the level of 90 % of the amount of the basic customs duty

- the second year - to the level of 80 % of the amount of the basic customs duty

- the third year - to the level of 60 % of the amount of the basic customs duty

- the fourth year - to the level of 50 % of the amount of the basic customs duty

- the fifth year - to the level of 40 % of the amount of the basic customs duty

- the sixth year - to the level of 20 % of the amount of the basic customs duty

- the seventh year - complete elimination.

1. As this Agreement takes effect, in accordance with Article 38 and in conformity with the schedule presented below, the customs duties for product categories specified in list B shall be gradually abolished as follows:

- the first year - to the level of 90 % of the amount of the basic customs duty

- the second year - to the level of 80 % of the amount of the basic customs duty

- the third year - to the level of 70 % of the amount of the basic customs duty

- the fourth year - to the level of 60 % of the amount of the basic customs duty

- the fifth year - to the level of 50 % of the amount of the basic customs duty

- the sixth year - to the level of 40 % of the amount of the basic customs duty

- the seventh year - to the level of 30 % of the amount of the basic customs duty

- the eighth year - to the level of 20 % of the amount of the basic customs duty

- the eighth year - to the level of 10 % of the amount of the basic customs duty

- the tenth year - complete elimination.

Annex 2

1. As this Agreement takes effect, in accordance with Article 38 and in conformity with the schedule presented below, the customs duties for the product categories specified above and marked with "1" shall be gradually abolished as follows:

- the first year - to the level of 75 % of the amount of the basic customs duty

- the second year - to the level of 50 % of the amount of the basic customs duty

- the third year - to the level of 25 % of the amount of the basic customs duty

- the fourth year - to the level of 0 % of the amount of the basic customs duty.

1. As this Agreement takes effect, in accordance with Article 38 and in conformity with the schedule presented below, the customs duties for the product categories specified above and marked with "2" shall be gradually abolished as follows:

- the first year - to the level of 80 % of the amount of the basic customs duty

- the second year - to the level of 60 % of the amount of the basic customs duty

- the third year - to the level of 40 % of the amount of the basic customs duty

- the fourth year - to the level of 20 % of the amount of the basic customs duty

- the fifth year - to the level of 0 % of the amount of the basic customs duty.

Protocol B
(referred to in Article 11)

Granting privileges and exemptions on the reciprocal basis in the area of agriculture between Republic of Macedonia on the one hand, and Ukraine – on the other hand

Article 1

This Protocol shall apply to products specified in Chapter II of this Agreement.

Article 2

As of the date on which this Agreement takes effect, the customs duties on imports applied in the Republic of Macedonia with respect to products supplied from Ukraine and specified in Annex I to this Protocol, shall be abolished or reduced within the limits of quotas established in this Annex and to the level specified in this Annex.

Article 3

As of the date on which this Agreement takes effect, the customs duty on imports applied in Ukraine to the goods supplied from the Republic of Macedonia and listed in Annex II to this Protocol, shall be eliminated or reduced within the limits of quotas established in this Annex and to the level specified in this Annex.

Article 4

1. The basic customs duties approved in accordance with Annexes to this Protocol, - these are the customs duty rates predominantly used in the country in question and applied at the time of the enactment of this Agreement. The product categories that are not included in Annexes to this Protocol, shall be subject to the customs duty rates predominantly used in the country at the time of actual importation of the products. The customs duties rates referred to in this Protocol include ad valorem and special customs duty rates, as well as special fees levied on the products.

2. To ensure proper application of provisions of the Protocol A of this Agreement and opportunities for the Parties' providing each other with further privileges and exemptions, the Parties shall conduct regular consultations on the mutually beneficial basis within the framework of the Joint Committee.

3. In the event of changes in the national legislation concerning tariff codes specified in Annexes I and II to this Protocol, the Contracting Parties shall immediately notify each other of such changes.

Annex I

The Republic of Macedonia's imports of the products supplied from Ukraine and subject to the following privileges

Tariff code / customs tariff - Ukraine	Tariff code / customs tariff - Macedonia	Tariff quota
0201	0201	1000 t
0202	0202	1000 t
0203 21	0203 21	300 t
0203 22	0203 22	300 t
0203 29	0203 29	300 t
0402	0402	400 t
1003 00	1003 00 00 30	5000 t
1005 90 000	1005 90 00 10	20000 t
1512	1512 11 00 00	10000000 l
1701 12	1701 12 00 00	15000 t
1704	1704	100 t
1806	1806	100 t
1905 30 000	1905 30 00 00	50 t
2007	2007	100 t
2201	2201	100000 l
2209	2209	100000 l

Annex II

Ukraine's imports of the products supplied from the Republic of Macedonia and subject to the following privileges

Tariff code / customs tariff - Ukraine	Tariff code / customs tariff - Macedonia	Tariff quota
0204	0204	500 t
0709 60	0709 60	5000 t
0712	0712	500 t
0813	0813	200 t
0904	0904	500 t
1211 90	1211 90	500 t
1704	1704	500 t
1806	1806	500 t
1904	1904	500 t
1905 30 000	1905 30 00 00	100 t
2001	2001	6000 t
2002	2002	4000 t
2005	2005	3000 t
2007	2007	100 t
2008	2008	500 t
2009	2009	3000000 l
2103	2103	3000 t
2204	2204	40000000 l
2208 20	2208 20 00 00	100000 l
2208 90	2208 90	100000 l
2209	2209	100000 l
2401 10	2401 10	10000 t

Protocol C
On the rules of origin and administrative cooperation methods

Chapter I
General provisions

Article 1

Definitions of terms

For purposes of this Protocol:

a) "production" means any kind of processing or reprocessing, including assembling or specific operations;

b) "material" means any ingredient, raw material, component or part used in the production of the product;

c) "product" means a product that is produced, even if later it is planned to use it for other production operation;

d) "goods" means either materials or products;

e) "customs value" means value that is determined in accordance with the Agreement of 1994 on implementation of Article VII of the General agreement on tariffs and trade (WTO Agreement on customs valuation);

f) "price on the EXW basis" means the price paid for a product on the on the EXW basis to the producer in the Party where the last transformation or processing was performed provided that this price includes the value of all used materials including any domestic taxes that must or may be refunded at the time of export of this product;

g) "value of materials" means customs value at the time of importation of the used materials originating in the third countries, or, if such value is unknown or can not be established – the first established price paid for materials in the Party;

h) "value of originating materials" means value of such materials that is defined in subparagraph (g) applied on the mutatis mutandis basis;

i) "value added" is applied as the price on the EXW basis less the customs value of each included product originating in the other Party, as provided in Article 3, or, if the customs value is unknown or can not be established – the first confirmed price paid for the product in the Party;

j) "groups and product codes" means product groups and codes (four-digit codes) used in the nomenclature that constitutes the Harmonized system for description and coding of goods, hereinafter referred to in the Protocol as the "Harmonized system" or "HS";

k) "classified" refers to classification of any products or materials of a particular product code;

l) "consignment" means goods which are either shipped simultaneously by an exporter to the same recipient, or are shipped on the basis of the same transport document which provides for their shipment from the exporter to the recipient, or, if there is no such document, - on the basis of the same invoice;

m) "territories" mean territories of the states, including territorial waters.

Chapter II
Definition of the "originating product"

Article 2
General requirements

1. For the purpose of implementation of this Agreement, the following products shall be considered products originating in a Party:

a) products that are entirely produced in this Party, as defined in Article 4 of this Protocol;

b) products produced in this Party, including materials which had not been entirely produced in this Party, on condition that such materials were substantially modified or processed in this Party as provided in Article 5 of this Protocol.

Article 3
Bilateral cumulation of origin

1. Materials originating in a Party shall be considered materials originating in this Party if such materials are included in the products produced in this latter Party. It is not necessary for such materials to be substantially transformed or processed if these materials were modified or processed in excess of the requirements specified in Article 6(1) of this Protocol.

Article 4
Wholly made products

1. The following products shall be considered fully produced in the Party:

a) minerals extracted within the limits of its territories or sea floor;

b) plant products grown on its soil;

c) live animals bred in its territory;

d) live animals products;

e) fishery or hunting products;

f) sea products and other products obtained from the sea outside territorial waters of the Parties by its vessels;

g) products produced aboard its factory ships exclusively from the products specified in subparagraph (f);

h) used goods collected in the Party that can be only used to produce raw materials, including used tires that can be used only for restoration or as waste;

i) waste and residue resulting from manufacturing operations carried out in the Party;

j) products extracted from or under the sea floor outside its territorial waters on condition that it holds an exclusive right to prospect this sea floor;

k) goods produced exclusively from products specified in subparagraphs (a) - (j).

2. The terms "its vessels" and "its factory ships" used in subparagraphs 1(f) and (g) shall apply only to the vessels and factory ships:

a) which are registered in the Party or area assigned to it;

b) which sail under the colors of this Party;

c) where at least by 50 percent are owned by the citizens of this Party or a company the management body of which is located in one of the Parties and the manager or managers of which, chairman of the board of directors or the supervisory board, as well as most members of such boards are citizens of this Party, and, in the event of establishment of associations or limited liability companies, at least half of the capital belongs to this Party or public bodies or citizens of this Party;

d) captain and officers of which are citizens of this Party; and

e) at least 75 percent of the crew of which are citizens of this Party.

Article 5
Substantially transformed or processed products

1. For purposes of Article 2 products, which are not wholly made, shall be considered sufficiently processed or reprocessed if conditions specified in the list contained in Annex II to this Protocol are complied with.

The above conditions indicate for all products to which this Agreement applies, what transformation or processing all the materials not originating in the Parties and used in production must undergo; these conditions shall apply only to such materials. Therefore, if products which have acquired the status of products originating in a Party by way of conforming to conditions specified in the list, are used for production of other products, conditions applicable to such other products part of which these products will become shall not apply to these products, excluding materials originating from the third countries that may have been used for their production.

2. Notwithstanding provisions of paragraph 1, materials originating in the third countries, which in accordance with conditions specified in the list should not be used for production purposes, may be used for that purpose provided that:

a) their total value does not exceed 10 percent of the product price on the EXW basis;

b) any specified in the list percentage indicator of the maximum value of the materials originating in the third countries does not get exceeded as a result of application of this paragraph.

This paragraph shall not apply to products that are classified under headings 50 - 63 of the Harmonized System.

3. Paragraphs 1 and 2 shall apply except for cases specified in Article 6.

Article 6
Insignificant transformation or processing

1. Without prejudice to provisions of paragraph 2, the following operations must be considered insignificant transformation or processing operations for purposes of verification of the status of the product as originating product, regardless of compliance with requirements of Article 5:

a) operations relating to preservation of the product in proper condition during transportation or storage (ventilation, distribution, drying, cooling, using salt, sulfur anhydrite or other water solutions, removal of damaged parts and other similar operations);

b) simple operations involving cleaning, sieving or selection, sorting, classification, selection of parts (including preparation of sets of items), washing, painting, cutting;

c) (i) changing a package and opening and assembling a package;

(ii) putting in bottles, flasks, begs, boxes, crates, attaching to the planks, etc., and all other simple packaging operations;

d) attaching signs, labels and other distinguishing marks to products or packaging;

e) simple mixing of products of one or several types, if one or several components of these mixes do not meet requirements specified in this Protocol, which is necessary for recognizing these products as products originating in a Party;

f) simple assembly of parts to form a complete product;

g) combining two or more operations specified in subparagraphs (a) - (f);

h) slaughter of cattle.

2. All operations carried out in the Parties with respect to a particular product must be considered together for purposes of establishing insubstantiality of transformation or processing of the product taking into account provisions of paragraph 1.

Article 7
Qualification unit

1. A qualification unit for application of provisions of this Protocol shall be a specific product that is considered a basic unit for purposes of determination of classification using the nomenclature of the Harmonized System.

Accordingly, it will be:

a) where a product consisting of the grouped or assembled items is classified in accordance with requirements of the Harmonized System under one product category, the classification unit shall be a complete product;

b) where a batch of products consists of several identical products classified under one category of the Harmonized System, for the purposes of application of provisions of this Protocol each product should be considered separately.

2. If, in accordance with General Rule 5 of the Harmonized System, a packaging is included in the product for classification purposes, the packaging must be also included in the product for the purpose of establishment of its origin.

Article 8
Components, spare parts and tools

Components, spare parts and tools which are shipped together with the unit of equipment, machine, apparatus or a vehicle and which constitute a part of a regular equipment and are included in the price or for which no separate invoice is issued, shall be viewed as a whole product together with the equipment, machine, apparatus or vehicle in question.

Article 9
Sets of products

Sets of products, as provided by General Rule 3 of the Harmonized System, shall be recognized as originating if all their component products are originating. However, where a set fo products consists of originating products, and of non-originating products, the set as a whole shall be recognized as originating if value of non-originating products does not exceed 15 percent of the price of the set of products on the EXW basis.

Article 10
Neutral elements

To establish the origin of a product it is unnecessary to establish the origin of the following elements that may have been used in the course of its production:

a) energy and fuel;

b) industrial equipment and implements;

c) machines and tools;

d) goods which are not included and do not have to be included in the final product.

Chapter III
Territorial requirements

Article 11
Territoriality principle

1. Requirements concerning the status of origin, expressed in Chapter II, must be complied with by either of the Parties at any moment.

2. If originating goods exported from any of the Parties to another country, are being returned, such goods must be considered originating in the third countries until it will be demonstrated to the customs bodies that:

a) the returned goods are exactly the goods that were exported; and that

b) during their being in that country or at the time of the export they were not subjected to any operations, except for those required to preserve them in proper condition.

3. Acquiring a status of origin in accordance with conditions specified above in Chapter II shall not be hampered by the processing or transformation performed outside the Party with respect to materials exported from any of the Parties and later re-imported, on condition that:

a) materials were completely produced in one of the Parties or were subjected to transformation or processing which do not qualify as insignificant operations specified in Article 6, prior to their being exported; and

b) it can be demonstrated to the customs bodies that:

i) the re-imported goods were produced by way of transformation or processing od exported materials; and

ii) the total value added outside the Party, determined by way of application of provisions of this Article, does not exceed 10 percent of the price of the final product (on the EXW basis) acquiring the status of origin.

4. For purposes of paragraph 3 conditions for acquiring the status of origin specified in Chapter II shall not apply to transformation or processing performed outside the Party. However, if in the list contained in Annex II, the criterion used for purposes of determination of the status of origin of the final product is that of the maximum value of all materials originating in the third countries and included in the product, the total value of materials originating in the third countries added in the territory of respective Party, together with the total value added acquired outside the Parties determined by way of application of provisions of this Article, may not exceed the established percentage.

5. For purposes of application of provisions of paragraphs 3 and 4, "total value added" must be understood as all costs incurred outside the Party, including value of materials included there.

6. Provisions of paragraphs 3 and 4 shall not apply to products which do not meet the conditions specified in the list provided in Annex II, or which may be considered completely processed or modified only on condition of the use of the total value fixed in Article 5(2).

7. Provisions of paragraphs 3 and 4 shall not apply to products which belong to product groups 50 - 63 of the Harmonized System.

8. Any processing or transformation which fall under provisions of this Article and which are performed outside the Party, shall be carried out in accordance with foreign trade agreements on processing or other similar agreements.

Article 12
Direct transportation

1. Preferential treatment provided for in this Agreement shall apply only to products meeting the requirements of this Protocol and being directly transported between the Parties. However, products which form a single consignment, may be transported through other territories using, if necessary, transit or temporary warehouses in these territories on condition that they remain under control of the customs bodies in the transit country or remain kept in a warehouse and not subjected to operations other than loading or reloading or any other operations aimed at preserving them in proper condition.

Originating products may be transported by a pipeline via a territory that is not a territory of a Party.

2. Proof of compliance with conditions specified in paragraph 1 shall be provided to the customs bodies of the importing country by way of submission of:

a) a single transport document providing for transportation from the exporting country via the country of transit; or

b) a certificate issued by the customs bodies of the country of transit, which:

(i) contains precise description of the product;

(ii) specifies dates set for unloading and reloading of the products and, where necessary, names of the vessels or of other means of transportation to be used; and

(iii) specific conditions under which the products were treated in the country of transit; or

c) in case of the absence of the above - any substitute documents.

Article 13
Exhibitions

1. To the products originating in a Party, which were shipped to an exhibition in another country that is not a Party, and which were sold after the exhibition for purposes of importation to a Party, at the time of importation provisions of the Agreement shall apply on condition that it will be demonstrated to the customs bodies that:

a) the exporter has shipped these products from one of the Parties to another country where the exhibition was held, and put these products on display there;

b) the products were sold or otherwise disposed of by this exporter for the benefit of a person from a Party;

c) the products were delivered at the time of the exhibition or immediately after its end in the same condition in which the products were shipped to the exhibition; and

d) from the moment the products were shipped to the exhibition they were not used for any other purpose except for being displayed at the exhibition.

2. The verification of origin is to be issued or documented in accordance with provisions of Chapter V and must be submitted to the customs bodies of the importing country under existing regular procedures. Such verification must specify name and address of the exhibition. If necessary, additional documentary proof of conditions under which the products were exhibited may be requested.

3. Paragraph 1 shall be applied to any trade, industrial, agricultural or craft exhibition, fair or other similar public display which are not organized for private purposes in shops or in business premises with a view to selling foreign products, and during which the products remained under the customs control.

Chapter IV
Refund of the customs duty and exemption from payment of the customs duty

Article 14
Prohibition concerning refund of the customs duty and exemption from payment of the customs duty

1. To materials originating in the third countries and used in production of the products originating in a Party, for which a certificate of origin shall be issued or is being prepared in accordance with provisions of Chapter V, refund of customs duty and exemption from payment of customs duty shall not apply in such a Party.

2. The established in paragraph 1 prohibition shall be applied to any arrangement concerning refund, exemption from payment or concerning full or partial exemption from payment of customs duties or taxes that have equivalent effect and are imposed in the Party on materials used in production, if such refund, exemption from payment or non-payment are used or used in such a away that products produced from these materials are exported, but not where these products are left for domestic consumption.

3. The exporter of the products, which have a proof of origin, shall be required upon the demand of the customs bodies immediately provide all relevant documents confirming non-application of refund of customs duty in connection with materials originating in the third countries and being used in production of the products in question, as well as verifying the fact of payment of the customs duties or taxes that have equivalent effect in connection with these materials.

4. Provisions of paragraphs 1 - 3 shall also apply to the packaging, as defined в of Article 7(2), accessories, spare parts and tools, as defined in Article 8, and to the products supplied as part of the set, as defined in Article 9, if such a product is originating in the third countries.