1. Each Party shall abolish on the date of entry into force of this Agreement all customs duties on imports and any charges having equivalent effect on goods originating in the other Party without prejudice to Paragraph 2.

2. Customs duties on imports applied by Kosovo on goods originating in Turkey specified in *Annex II.2* shall be progressively abolished in accordance with the timetable laid down thereof.

3. For goods originating in Turkey specified in *Annex II.2*, Kosovo shall accord treatment no less favourable than that accorded to like products originating in the EU. In case of any favourable change in the treatment accorded to the EU for the goods specified in *Annex II.2*, Kosovo shall without delay apply the same favourable treatment to the goods originating in Turkey specified in this Annex and promptly notify Turkey thereof.

4. Except as otherwise provided in this Agreement, the Parties shall not increase any customs duty set as base rate or shall not adopt any new customs duty on a good originating in the other Party.

Chapter 3
Agricultural Products

Article II.16
Scope

1. The provisions of this Chapter shall apply to agricultural products originating in the Parties.

2. The term "agricultural products" means, for the purposes of this Agreement, the goods falling within Chapters 1 to 24 of the Combined Nomenclature of the EU.

Article II.17
Exchange of Concessions

1. The Parties shall mutually allocate concessions set forth in *Annex II.3* in accordance with the provisions laid down therein.

2. Taking into account the role of agriculture in their respective economies, the development of trade in agricultural products and their respective agricultural policies, the Parties shall examine in the Joint Committee the possibilities of granting further concessions to each other in trade in agricultural products.

Article II.18
Bilateral Safeguard Measures Applicable to Agricultural Products

1. Notwithstanding other provisions of this Agreement, and in particular Article II.12 (General Safeguards), given the particular sensitivity of the agricultural market, if imports of products originating in one of the Parties, which are the subject of concessions granted under this Agreement cause serious disturbance to the market or to its domestic regulatory mechanisms in the other Party, both Parties shall enter into consultations immediately to find an appropriate solution according to procedures laid down in paragraphs 3 through 7 of Article IV.3 (Fulfilment of Obligations and Dispute Settlement). Pending such solution the importing Party may adopt measures provided for in Paragraph 2.

2. The importing Party may take a bilateral safeguard measure which:

(a) suspends further reduction of the rate of customs duty on the good concerned provided for under this Agreement; or

(b) increases the rate of customs duty on the good to a level which does not exceed the lesser of:

(i) the applied *erga omnes* customs duty on the good in effect at the time the measure is taken; or

(ii) the base rate of customs duty specified in Article II.3 (Base Rate).

TITLE III
TRADE IN SERVICES

Article III.1
Trade in Services Negotiations

1. The Parties recognize the growing importance of trade in services. In their efforts to gradually develop and broaden their co-operation, they aim at achieving a progressive liberalization and mutual opening of their markets for trade in services, taking into account relevant provisions of the General Agreement on Trade in Services (GATS).

2. For the purpose referred to in Paragraph 1, the Parties shall begin negotiations on trade in services immediately after signing of this Agreement. The Parties without prejudging the outcome, shall facilitate these negotiations with the goal of conclusion in a reasonable time.

3. If a Party grants to a non-Party, before and after the entry into force of this Agreement, additional benefits with regard to the access to its services markets, it shall afford adequate opportunities for negotiations with a view to extending those benefits to the other Party on a mutually advantageous basis.

TITLE IV
INSTITUTIONAL PROVISIONS AND DISPUTE SETTLEMENT

Article IV.1
Establishment of the Joint Committee

1. A Joint Committee is hereby established in which each Party shall be represented by its senior officials.

2. The Joint Committee shall be responsible for the administration of this Agreement and shall ensure proper implementation of its provisions.

3. The Joint Committee shall meet at least once a year or on request of either Party. The Joint Committee shall be chaired alternately by the Parties.

4. The Joint Committee shall adopt its rules of procedure.

Article IV.2
Functions of the Joint Committee

1. For the efficient implementation of this Agreement, the Joint Committee shall have the following functions:

(a) reviewing the general functioning of this Agreement;

(b) setting up sub-committees as it considers necessary for accomplishing its tasks, and supervising the work of sub-committees;

(c) reviewing, considering and, as appropriate, deciding on specific matters related to the operation and implementation of this Agreement, including matters reported by sub-committees;

(d) facilitating, as appropriate, the avoidance and settlement of disputes arising under this Agreement;

(e) as appropriate, providing interpretations of this Agreement;

(f) reviewing the possibility of further removal of the obstacles to trade between the Parties and further development of the trade relationship; and

(g) exploring ways to enhance trade between the Parties and to further the objectives of this Agreement.

2. The Joint Committee may take decisions in the matters related to this Agreement, including decisions to adopt any amendment to this Agreement. The Joint Committee may also make recommendations to matters related to this Agreement. The Joint Committee shall take decisions and make recommendations by consensus of the Parties.

3. The decisions taken by the Joint Committee on any amendment to this Agreement shall be subject to the completion of the respective internal ratification procedures of the Parties in accordance with Article V.6 (Amendments).

Article IV.3
Fulfilment of Obligations and Dispute Settlement

1. The Parties shall take all necessary measures to ensure the achievement of the objectives of this Agreement and the fulfilment of their obligations under this Agreement.

2. The Parties shall at all times endeavour to agree on the interpretation and implementation of this Agreement and shall make every attempt through cooperation and consultations to avoid and settle disputes between them and to arrive at a mutually satisfactory resolution of any matter that might affect its operation.

3. Each Party may request consultations within the Joint Committee with respect to a measure or any other matter relating to the interpretation and implementation of this Agreement.

4. The requesting Party shall deliver written notification to the other Party, stating the reasons for the request, including the identification of the measure at issue and an indication of relevant Article(s) of this Agreement, and provide sufficient information to enable an examination of the matter.

5. The Joint Committee shall convene within 30 calendar days after the date of receipt of the request. Upon initiation of consultations, the Parties shall provide information to enable the examination of how the measure or any other matter might affect the interpretation and implementation of this Agreement, and give confidential treatment to the information exchanged during consultations.

6. The Joint Committee shall endeavour to resolve the matter or dispute promptly in the form of a decision, and if the Parties agree, may make recommendations regarding the implementing measures to be taken by the Party concerned, and the timeframe for doing so.

7. The Joint Committee may call on technical advisers or create working groups or expert groups as it deems necessary; or may assist the Parties to reach a mutually satisfactory resolution of the matter or dispute.

8. If the dispute cannot be solved within a reasonable period of time during the consultations, the Joint Committee may agree to establish an Arbitration Panel. Numbers of arbitrators, selection procedures of the arbitrators, proceedings of Arbitration Panel and the timeframe that the Arbitration Panel has to submit its Report shall be established by the Joint Committee.

9. If a Party considers that the other Party has failed to fulfil an obligation under this Agreement, and the Joint Committee has failed to arrive at a commonly acceptable solution within 90 calendar days from the receipt of the notification referred to in Paragraph 4, the Party concerned may take appropriate measures. The measures taken shall be notified immediately to the Joint Committee, which shall hold regular consultations

with a view to their abolition. The measures shall be abolished when conditions no longer justify their maintenance, or, if the dispute is submitted to the Arbitration Panel.

TITLE V

EXCEPTIONS AND FINAL PROVISIONS

Article V.1
General and Security Exceptions

1. Nothing in this Agreement shall prevent the Parties from taking actions and adopting measures consistent with Article XX and Article XXI of the GATT 1994; Article XIV and Article XIV *bis* of the GATS.

2. The Joint Committee shall be informed, to the fullest extent possible, of measures taken under Paragraph 1 and of their termination.

Article V.2
Payments and Transfers

1. Except under the circumstances envisaged in Article V.3 (Balance of Payments Exceptions), a Party shall not apply restrictions on international transfers and payments for current transactions with the other Party.

2. Nothing in this Agreement shall affect the rights and obligations of the Parties under the Articles of the Agreement of the International Monetary Fund (hereinafter referred to as the "IMF"), including the use of exchange actions which are in conformity with the Articles of the Agreement of the IMF, provided that a Party shall not impose restrictions on capital transactions inconsistently with its specific commitments regarding such transactions, except under Article V.3 (Balance of Payments Exceptions) or at the request of the IMF.

Article V.3
Balance of Payment Exceptions

1. The Parties shall endeavour to avoid the application of the restrictive measures for balance of payment purposes.

2. Should a Party decide to impose measures for balance-of-payments purposes, it shall do so only in accordance with the GATT 1994, including the Declaration on Trade Measures Taken for Balance of Payments Purposes (1979 Declarations) and the Understanding on the Balance of Payments provisions of the GATT 1994 (BOP Understanding) and GATS.

3. Any restrictive measure adopted or maintained under this Article shall be non-discriminatory, be of limited duration, and may not go beyond what is necessary.

4. The Party maintaining or having adopted such restrictive measures, or any changes thereto, shall promptly notify them to the Joint Committee and present, as soon as possible, a time schedule for their removal.

Article V.4
Evolutionary Clause

1. The Parties may mutually agree to extend this Agreement with the aim of broadening and supplementing its scope in accordance with their respective legislation, by concluding agreements on specific sectors or activities in the light of the experience gained during its implementation.

Article V.5
Annexes and Appendices

1. Annexes and Appendices to this Agreement shall form integral parts of this Agreement.

Article V.6
Amendments

1. The Parties may agree, in writing, to make amendments to this Agreement.

2. Any amendment to this Agreement shall be subject to the completion of the respective internal ratification procedures of the Parties.

3. Any amendment to this Agreement shall enter into force on the first day of the second month following the date of the receipt of the latter written notification through diplomatic channels, by which the Parties inform each other that all national requirements for the entry into force are fulfilled or on another date as the Parties may agree.

4. Any amendment shall constitute an integral part of this Agreement, upon the completion of the internal ratification procedures of the Parties.

Article V.7
Entry into Force

1. The Parties shall ratify this Agreement in accordance with their internal ratification procedures.

2. This Agreement shall enter into force on the first day of the second month following the date of the receipt of the latter written notification through diplomatic channels, by which the Parties inform each other that all national requirements for the entry into force are fulfilled or on another date as the Parties may agree.

Article V.8
Duration and Termination

1. This Agreement shall be valid indefinitely.

2. Either Party may give written notice to the other of its intention to terminate this Agreement. Termination shall take effect on the first day of the seventh month after notification to the other Party.

3. The Parties agree that, in case of accession of one of the Parties to this Agreement to the EU, this Agreement will be terminated on the date of the accession to the EU.

IN WITNESS WHEREOF the undersigned plenipotentiaries, being duly authorised thereto, have signed this Agreement.

DONE at Ankara, this twenty seventh day of September, in the year two thousand and thirteen, in two originals, each in the Turkish, Albanian, Serbian and English languages, all texts being equally authentic. In case of any divergence in the interpretation of this Agreement, the English text shall prevail.

FOR THE REPUBLIC OF TURKEY	FOR THE REPUBLIC OF KOSOVO
Zafer ÇAĞLAYAN **Minister of Economy**	**Mimoza KUSARI LILA** **Deputy Prime Minister for Economy** **Minister of Trade and Industry**