

# FREE TRADE AGREEMENT BETWEEN THE REPUBLIC OF BULGARIA AND THE REPUBLIC OF LITHUANIA

## PREAMBLE

The Republic of Bulgaria and the Republic of Lithuania, hereinafter called respectively "Bulgaria", "Lithuania" or "the Contracting Parties",

Reaffirming their firm commitment to pluralistic democracy based on the rule of law, human rights and fundamental freedoms,

Recalling their intention to participate actively in the process of economic integration as an important dimension of the stability on the European continent and expressing their preparedness to co-operate in seeking ways and means to strengthen this process,

Reaffirming their firm commitment to the principles of a market economy, which constitutes the basis for their relations,

Considering the rights and obligations arising out of the Europe Agreement for Association between the European Communities and their Member States, on the one part, and the Republic of Bulgaria, on the other part, and the Europe Agreement for Association between the European Communities and their Member States, on the one part, and the Republic of Lithuania, on the other part,

Recalling their firm commitment to the Final Act of the Conference on Security and Co-operation in Europe, the Paris Charter, and, in particular, the principles contained in the final document of the Bonn Conference on Economic Co-operation in Europe,

Resolved to this end to eliminate progressively the obstacles to substantially all their mutual trade, in accordance with the provisions of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and the Agreement establishing the World Trade Organization (WTO), Lithuania having objective to become a Member of the WTO,

Considering that no provision of this Agreement may be interpreted as exempting the Parties from their obligations under other international agreements, especially the General Agreement on Tariffs and Trade 1994 and the Marrakesh Agreement Establishing the World Trade Organization,

Firmly convinced that this Agreement will foster the intensification of mutually beneficial trade relations between them and contribute to the process of integration in Europe,

Determined to implement this Free Trade Agreement with the objective to preserve and protect the environment and to ensure an optimal use of natural resources in accordance with the principle of sustainable growth,

Hereby agreed as follows:

Article 1

## Objectives

1. The Contracting Parties shall gradually establish during a transitional period ending on the 1 January 2002 at the latest a free trade area, in accordance with the provisions of this Agreement and in conformity with Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and with the Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT 1994).

2. The objectives of this Agreement are:

- (a) to promote through the expansion of mutual trade the harmonious development of the economic relations between the Contracting Parties,
- (b) to provide fair conditions of competition for trade between the Contracting Parties,
- (c) to contribute in this way, by the removal of barriers to trade, to the harmonious development and expansion of world trade,
- (d) to enhance co-operation between the Contracting Parties.

## CHAPTER I INDUSTRIAL PRODUCTS

### Article 2 Scope

The provisions of this Chapter shall apply to industrial products originating in the Contracting Parties. The term "industrial products" for the purpose of this Agreement means the products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System with the exception of the products listed in Annex I to this Agreement.

### Article 3 Basic Duties

1. For the commercial exchange covered by this Agreement, the Customs Tariff of the Republic of Bulgaria shall be applied to the classification of goods imported in Bulgaria. The Customs Tariff of the Republic of Lithuania shall be applied to the classification of goods imported in Lithuania.

2. For each product the basic duty to which successive reductions set out in this Agreement are to be applied shall be the most favoured nation duty applied by the Contracting Parties on the day preceding the date of entry into force of the Agreement.

3. If after entry into force of this Agreement any tariff reduction is applied on an erga omnes basis, in particular, reductions resulting from tariff agreements under the Uruguay Round of the GATT 1994 and the Agreement establishing the WTO, such reduced duties shall replace the basic duties referred to in paragraph 2 as from that date when such reductions are applied.

4. The reduced duties calculated in accordance with paragraph 3 shall be applied rounded to the first decimal place.

5. The Contracting Parties shall notify each other about their respective basic duties.

#### Article 4

##### Customs Duties On Imports And Charges Having Equivalent Effect

1. No new customs duties on imports or charges having equivalent effect shall be introduced in trade between the Contracting Parties, nor shall those already applied be increased from the date of entry into force of this Agreement.

2. The Contracting Parties shall abolish on their imports from each other all charges having equivalent effect to customs duties on imports from the date of entry into force of this Agreement.

3. Customs duties on imports applicable in Bulgaria to products originating in Lithuania, which are not listed in Annex II shall be abolished on the date of entry into force of this Agreement.

4. Customs duties on imports applicable in Bulgaria to products originating in Lithuania, which are listed in Annex II shall be progressively abolished in accordance with the timetable provided in that Annex.

5. Customs duties on imports applicable in Lithuania to products originating in Bulgaria, which are not listed in Annex III shall be abolished on the date of entry into force of this Agreement.

6. Customs duties on imports applicable in Lithuania to products originating in Bulgaria, which are listed in Annex III, shall be progressively abolished in accordance with the timetable provided in that Annex.

#### Article 5

##### Fiscal Duties

The provisions of Article 4 shall also apply to customs duties of a fiscal nature.

#### Article 6

##### Customs Duties On Exports And Charges Having Equivalent Effect

1. No new customs duties on exports or charges having equivalent effect shall be introduced in trade between the Contracting Parties, nor shall those already applied be increased from the date of entry into force of this Agreement.

2. All existing customs duties on exports and any charges having equivalent effect shall be abolished on the date of entry into force of this Agreement.

#### Article 7

## Quantitative Restrictions On Imports And Measures Having Equivalent Effect

1. No new quantitative restrictions on imports or measures having equivalent effect shall be introduced in trade between the Contracting Parties from the date of entry into force of this Agreement, nor shall those existing be made more restrictive from the date of entry into force of this Agreement.
2. All quantitative restrictions and measures having equivalent effect on imports of products originating in the Contracting Parties shall be abolished on the date of entry into force of this Agreement.

## Article 8

### Quantitative Restrictions On Exports And Measures Having Equivalent Effect

1. No new quantitative restrictions on exports or measures having equivalent effect shall be introduced in trade between the Contracting Parties, nor shall those existing be made more restrictive from the date of entry into force of this Agreement.
2. All quantitative restrictions and measures having equivalent effect on exports of products originating in the Contracting Parties shall be abolished on the date of entry into force of this Agreement.

## Article 9

### Technical Barriers To Trade

1. The Contracting Parties shall cooperate and exchange information in the field of standardization, metrology, conformity assessment and accreditation, with the aim of reducing technical barriers to trade.
2. The rights and obligations of the Contracting Parties related to standards or technical regulations and the respective measures shall be stipulated as governed by the Agreement on Technical Barriers to Trade of the WTO.
3. Each Contracting Party, upon a request by the other Contracting Party, shall submit information on particular individual cases of standards, technical rules or similar measures.

## CHAPTER II

### AGRICULTURAL PRODUCTS

## Article 10

### Scope

The provisions of this Chapter shall apply to agricultural products originating in the Contracting Parties. The term "agricultural products" for the purpose of this Agreement means the products falling within Chapters 1 to 24 of the Harmonized Commodity Description and Coding System, and the products listed in Annex I to this Agreement.

## Article 11

### Exchange Of Concessions

1. The Contracting Parties declare their readiness to foster, in so far as their agricultural policies allow, the harmonious development of the trade in agricultural products, and to discuss this issue periodically within the Joint Committee.

2. For the achievement of this objective, the Contracting Parties shall grant each other the concessions specified in Protocol A, providing for measures to promote the trade in agricultural products, in accordance with the provisions of this Chapter and those laid down in this Protocol.

3. Taking account of:

- \* the role of the agriculture in their economies,
- \* the development of the trade in agricultural products between the Contracting Parties,
- \* the particular sensitivity of the agricultural products,
- \* the rules of their agricultural policies,
- \* the consequences of the multilateral trade negotiations under the GATT and the WTO,

the Contracting Parties shall examine the possibilities of mutually granting further concessions.

## Article 12

### Concessions And Agricultural Policies

1. Without prejudice to the concessions granted under Protocol A to this Agreement, the provisions of this Chapter shall not restrict in any way the pursuance of the respective agricultural policies of the Contracting Parties or the taking of any measures under such policies, including the implementation of the respective provisions of the Agreement on Agriculture within the framework of the World Trade Organization.

2. The Contracting Parties shall notify each other of any changes in their respective agricultural policies pursued or measures applied which may affect the conditions of agricultural trade between them as provided for in this Agreement. Prompt consultations shall be held, upon request of any Contracting Party, to examine the situation.

## Article 13

### Specific Safeguards

Notwithstanding other provisions of this Agreement and, in particular Article 26 (General safeguards), if, given the particular sensitivity of the agricultural products, imports of products originating in a Contracting Party, which are subject to concessions granted under this Agreement, cause serious disturbance to the markets of the other Contracting Party, the Party concerned shall enter into consultations immediately to find an appropriate solution. Pending such solution, the Contracting Party concerned may take the measures it deems necessary.

## Article 14

## Veterinary, Sanitary And Phytosanitary Measures

1. The Contracting Parties shall apply their regulations in veterinary, sanitary and phytosanitary matters in a non-discriminatory fashion and shall not introduce any new measures that have the effect of unduly obstructing trade.
2. The veterinary and sanitary measures and the work of the veterinary services will be in accordance with the Office International des Epizooties Codex and other international conventions in this field.
3. The phytosanitary measures and the work of the plant protection service will be in accordance with the International Plant Protection Convention and other international conventions in this field.

## CHAPTER III GENERAL PROVISIONS

### Article 15 Rules Of Origin And Co-Operation In Customs Administration

1. Protocol B of this Agreement lays down the rules of origin and related methods of administrative co-operation.
2. The Contracting Parties shall take appropriate measures, including regular reviews by the Joint Committee and arrangements for administrative co-operation, to ensure that the provisions of Protocol B to this Agreement and Articles 3 (Basic duties), 4 (Customs duties on imports and charges having equivalent effect), 5 (Fiscal duties), 6 (Customs duties on exports and charges having equivalent effect), 7 (Quantitative restrictions on imports and measures having equivalent effect), 8 (Quantitative restrictions on exports and measures having equivalent effect), 12 (Concessions and agricultural policies), 16 (Internal taxation) and 27 (Structural adjustments) of this Agreement are effectively and harmoniously applied, and to reduce, as far as possible, the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.
3. Protocol C of this Agreement determines the methods of the assistance between the Contracting Parties in Customs matters.

### Article 16 Internal Taxation

1. The Contracting Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products originating in the Parties.
2. Products exported to the territory of one of the Contracting Parties may not benefit from repayment of internal taxation in excess of the amount of direct or indirect taxation imposed on them.

## Article 17

### General Exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on the grounds of public morality, public policy or public security; the protection of human, animal or plant life or health; the protection of environment; the protection of national treasures possessing artistic, historic or archaeological value; the protection of intellectual property; the rules relating to gold or silver; of the conservation of exhaustible natural resources, if such measures are made effective in conjunction with restrictions on domestic production or consumption. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.

## Article 18

### Security Exceptions

Nothing in this Agreement shall prevent a Contracting Party from taking any appropriate measure which it considers necessary:

- (a) to prevent the disclosure of information contrary to its essential security interests;
- (b) for the protection of its essential security interests or for the implementation of international obligations or national policies:
  - (i) relating to the traffic in arms, ammunition and implements of war, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes, and to such traffic in other goods, materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment; or
  - (ii) relating to the non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or
  - (iii) taken in time of war or other serious international tension.

## Article 19

### State Monopolies

1. The Contracting Parties shall adjust progressively any State monopoly of a commercial character so as to ensure that by the end of the 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 Parties. The Contracting Parties shall inform each other about the measures adopted to implement this objective.

2. The provisions of this Article shall apply to any body through which the competent authorities of the Contracting Parties, in law or in fact, either directly or indirectly, supervise, determine or appreciably influence imports or exports between the Contracting Parties. These provisions shall likewise apply to monopolies delegated by a Contracting Party to other bodies.

## Article 20

## Payments

1. Payments in freely convertible currencies relating to trade in goods between the Contracting Parties and the transfer of such payments to the territory of the Contracting Party, where the creditor resides, shall be free from any restrictions.
2. The Contracting Parties shall refrain from any exchange or administrative restrictions on the grant, repayment or acceptance of short and medium-term credits related to trade in goods in which a resident of a Party participates.
3. Notwithstanding the provisions of paragraph 2, any measures concerning current payments connected with the movement of goods shall be in conformity with the conditions laid down under Article VIII of the Articles of the Agreement of the International Monetary Fund.

## Article 21

### Rules Of Competition Concerning Undertakings

1. The following are incompatible with the proper functioning 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 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 Contracting Parties as a whole or in a substantial part thereof.
2. The provisions of paragraph 1 of this Article shall apply to the activities of all undertakings including public undertakings and undertakings to which the Contracting Parties grant special or exclusive rights. Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly, shall be subject to provisions of paragraph 1 in so far as the application of these provisions does not obstruct the performance, in law or in fact, of the particular public tasks assigned to them.
3. With regard to products referred to in Chapter II the provisions stipulated in paragraph 1 (a) of this Article shall not apply to such agreements, decisions and practices which form an integral part of a national market organization.
4. If a Contracting Party considers that a given practice is incompatible with paragraphs 1, 2 and 3 of this Article, and if such practice causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry, it may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 30 (Procedure for the application of safeguard measures).

## Article 22

### State Aid



1. Any aid granted by a Contracting Party or through state resources in any form whatever, which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it may affect trade between the Parties, be incompatible with the proper functioning of this Agreement.
2. The provisions of paragraph 1 of this Article shall not apply to products referred to in Chapter II.
3. The Joint Committee shall adopt the criteria on the basis of which the practices contrary to paragraph 1 shall be assessed, as well as the rules for their implementation.
4. The Contracting Parties shall ensure transparency in the area of state aid, inter alia, by reporting annually to the Joint Committee on the total amount and the distribution of the aid given and by providing to the other Party, upon request, information on aid schemes and on particular individual cases of state aid.
5. If a Contracting Party 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 referred to in paragraph 3 causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry,

it may take appropriate measures under the conditions of and in accordance with the provisions of Article 30 (Procedure for the application of safeguard measures). Such appropriate measures may only be taken in conformity with the procedures and under the conditions laid down by the GATT 1994 and by the Agreement establishing the WTO and any other relevant instruments negotiated under their auspices which are applicable between the Contracting Parties.

## Article 23

### Public Procurement

1. The Contracting Parties shall progressively develop their respective regulations, conditions and practices for public procurement with a view to grant suppliers of the other Contracting Party access not less favourable than that accorded to companies of any third country to contract award procedures on their respective public procurement markets.
2. The Contracting Parties consider the liberalization of their respective public procurement markets as an objective of this Agreement. The Contracting Parties aim at opening up of the award of public procurement contracts on the basis of non-discrimination and reciprocity.
3. The Joint Committee shall examine developments related to the achievement of the objectives of this Article and may recommend practical modalities of implementing the provisions of paragraph 1 so as to ensure free access, transparency and full balance of rights and obligations.

4. During the examination referred to in paragraph 3, the Joint Committee may consider, especially in the light of international developments and regulations in this area, the possibility of extending the coverage and/or the degree of the market opening provided for in paragraph 1.

5. The Contracting Parties shall endeavour as soon as possible to define the necessary scope, schedule and rules in the field of public procurement on the markets of both Parties taking into account the results negotiated within the Working Group on Government Procurement of the WTO.

#### Article 24

##### Protection Of Intellectual Property

1. The Contracting Parties confirm their will to respect the obligations arising from the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, constituting Annex Ic to the Marrakesh Agreement establishing the WTO, as well as other conventions on intellectual property protection, signed by both Contracting Parties and listed in Annex IV to this Agreement.

2. For the purposes of this Agreement the term "intellectual property" refers to all categories of intellectual property such as: copyright, comprising computer programs and databases, and neighbouring rights, trade marks, geographical indications, industrial designs, inventions and utility models, topographies of integrated circuits, as well as undisclosed information including know-how.

3. The Contracting Parties shall co-operate in matters of intellectual property. They shall hold, upon request of any Party, expert consultations on these matters, in particular, on activities relating to the existing or to future international conventions on harmonisation, administration and enforcement of intellectual property and on activities in international organisations, such as the World Trade Organization and the World Intellectual Property Organization, as well as relations of the Parties with any third country on matters concerning intellectual property.

4. The Contracting Parties may conclude further agreements exceeding the requirements of this Agreement which are not contrary to TRIPS Agreement.

5. The implementation of this Article shall be regularly assessed by the Contracting Parties. Upon difficulties in trade in relation to the rights of intellectual property, any of the Contracting Parties may request urgent consultations for finding mutually acceptable solutions.

#### Article 25

##### Dumping

If a Contracting Party finds that dumping within the meaning of Article VI of the GATT 1994 is taking place in trade relations governed by this Agreement, it may take appropriate measures against that practice in accordance with Article VI of the GATT

1994 and in accordance with the procedure laid down in Article 30 (Procedure for the application of safeguard measures).

#### Article 26 General Safeguards

Where any product is being imported in such increased quantities and under such conditions as to cause or threaten to cause:

(a) serious injury to domestic producers of like or directly competitive products in the territory of the importing Contracting Party, or

(b) serious disturbances in any related sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region the Contracting Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 30 (Procedure for the application of safeguard measures).

#### Article 27 Structural Adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 4 (Customs duties on imports and charges having equivalent effect) may be taken by any of the Contracting Parties in the form of increased customs duties.

2. These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.

3. Customs duties on imports applicable in the Contracting Party concerned to products originating in the other Party introduced by these measures may not exceed 25 % ad valorem and shall maintain an element of preference for products originating in the other Party. The total value of imports of the product which are subject to these measures may not exceed 15% of total imports of industrial products from the other Party as defined in Chapter I during the last year for which statistics are available.

4. These measures may be applied till the end of the transitional period unless longer duration is authorized by the Joint Committee.

5. No such measures can be introduced in respect of a product if more than three years have elapsed since the entry into force of this Agreement or elimination of all customs duties and quantitative restrictions or charges or measures having an equivalent effect concerning that product.

6. The Contracting Party concerned shall inform the other Party of any exceptional measures it intends to take and, upon request of the other Party, consultations shall be held within the Joint Committee on such measures and the sectors to which they apply prior their introduction. When taking such measures the Contracting Party concerned

shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these customs duties starting at the latest one year after their introduction, at equal annual rates. The Joint Committee may decide on a different schedule.

#### Article 28

##### Re-Export And Serious Shortage

1. Where compliance with the provisions of Articles 6 (Customs duties on exports and charges having equivalent effect) and 8 (Quantitative restrictions on exports and measures having equivalent effect) leads to:

(a) re-export towards a third country against which the exporting Contracting Party maintains for the product concerned quantitative export restrictions, export duties or measures or charges having equivalent effect; or

(b) a serious shortage, or threat thereof, of a product essential to the exporting Contracting Party;

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Contracting Party, that Party may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 30 (Procedure for the application of safeguard measures).

2. Measures taken as a result of the situation referred to in paragraph 1 shall be eliminated when the conditions no longer justify their maintenance and in case of the situation referred to in paragraph 1(b) shall be applied in a non-discriminatory manner.

#### Article 29

##### Fulfilment Of Obligations

1. The Contracting Parties shall take all necessary measures required to fulfil their obligations under this Agreement. They shall see to it that the objectives set out in this Agreement are attained.

2. If a Contracting Party considers that the other Party has failed to fulfil an obligation under this Agreement, the Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 30 (Procedure for the application of safeguard measures).

#### Article 30

##### Procedure For The Application Of Safeguard Measures

1. Before initiating the procedure for the application of safeguard measures set out in the following paragraphs of this Article, the Contracting Parties shall endeavour to solve any differences between them through direct consultations.

2. In the event of a Contracting Party subjecting imports of products liable to give rise to the situation referred to in Article 26 (General Safeguards) to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other Party.

3. Without prejudice to paragraph 7 of this Article, a Contracting Party which considers resorting to safeguard measures shall promptly notify the other Party thereof and supply 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) With regard to Articles 25 (Dumping), 26 (General safeguards) and 28 (Re-export and serious shortage), the Joint Committee shall examine the case or the situation and may take any decision needed to put an end to the difficulties notified by the Contracting Party concerned. In the case of the absence of such decision within sixty days of the matter being referred to the Joint Committee the Party concerned may adopt the measures necessary in order to remedy the situation.

(b) With regard to Article 29 (Fulfilment of obligations), the Contracting Party concerned may take appropriate measures after the consultations have been concluded or a period of three months has elapsed from the date of the first notification to the other Party.

(c) With regard to Article 21 (Rules of competition concerning undertakings) and 22 (State aid) the Contracting Party concerned shall give the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the Contracting Party in question fails to put an end to the practice objected to within the period fixed by the Joint Committee or if the Joint Committee fails to reach an agreement within thirty days of the matter being referred to it, the Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.

5. The safeguard measures taken shall be immediately notified to the other Contracting Party. They shall be limited with regard to their extent and to their duration to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be in excess of the injury caused by the practice or the difficulty in question. Priority shall be given to such measures which will least disturb the functioning of this Agreement.

6. The safeguard measures taken shall be the subject of periodic consultations within the Joint Committee with a view to their relaxation as soon as possible, or abolition when conditions no longer justify their maintenance.

7. Where exceptional circumstances requiring immediate action make prior examination impossible, the Contracting Party concerned may, in the cases of Articles 21 (Rules of competition concerning undertakings), 22 (State aid) and 31 (Balance of payments difficulties) apply forthwith the provisional measures strictly necessary to remedy the

situation. The measures shall be notified without delay and consultations between the Contracting Parties shall take place as soon as possible within the Joint Committee.

#### Article 31

##### Balance Of Payments Difficulties

1. The Contracting Parties shall endeavour to avoid the imposition of restrictive measures including measures relating to imports for balance of payments purposes.
2. Where one of the Contracting Parties is in serious balance of payments difficulties or under imminent threat thereof, the Party concerned may, in accordance with the relevant provisions of the GATT 1994 and with Article VIII of Articles of the Agreement of International Monetary Fund adopt restrictive measures, including measures related to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The measures shall be progressively relaxed as balance of payments conditions improve and they shall be eliminated when conditions no longer justify their maintenance. The Contracting Party concerned shall inform the other Party forthwith of their introduction and, whenever practicable, of a schedule for their removal.

#### Article 32

##### Evolutionary Clause

1. Where a Contracting Party considers that it would be useful in the interests of the economies of the Parties to develop and deepen the relations established by this Agreement by extending them to fields not covered thereby, it shall submit a reasonable request to the other Party. The Contracting Parties may instruct the Joint Committee to examine such a request and, where appropriate, to make recommendations, particularly with a view to opening negotiations.
2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to ratification or the approval by the Contracting Parties in accordance with their internal legal procedures.

#### CHAPTER IV

##### INSTITUTIONAL AND FINAL PROVISIONS

#### Article 33

##### The Joint Committee

1. A Joint Committee is hereby established in which each Contracting Party shall be represented. The Joint Committee shall be responsible for the administration of this Agreement and shall ensure its proper implementation.
2. For the purpose of the proper implementation of the Agreement, the Contracting Parties shall exchange information and, upon the request of any Party, shall hold consultations within the Joint Committee. The Joint Committee shall keep under review

the possibility of further removal of the obstacles to trade between the Contracting Parties.

3. The Joint Committee may, in accordance with the provisions of paragraph 3 of Article 34 (Procedures of the Joint Committee), take decisions in the cases provided for in this Agreement. On other matters the Joint Committee may make recommendations.

#### Article 34

##### Procedures Of The Joint Committee

1. For the proper implementation of this Agreement the Joint Committee shall meet whenever necessary but at least once a year. Each Contracting Party may request that a meeting be held.

2. The Joint Committee shall act by common agreement.

3. If a representative in the Joint Committee of a Contracting Party has, under the reservation, accepted a decision subject to the fulfilment of internal legal requirements, the decision shall enter into force, if no later date is contained therein, on the day the lifting of the reservation is notified.

4. For the purpose of this Agreement the Joint Committee shall adopt its rules of procedure which shall, inter alia, contain provisions for convening meetings and for the designation of the Chairman and his/her term of office.

5. The Joint Committee may decide to set up such subcommittees and working groups as it considers necessary to assist it in accomplishing its tasks.

#### Article 35

##### Customs Unions, Free Trade Areas And Frontier Trade

1. This Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade to the extent that these do not negatively affect the trade between the Contracting Parties and in particular the provisions concerning rules of origin provided for by this Agreement.

2. Upon request, consultations between the Contracting Parties shall take place within the Joint Committee, in order the Parties to inform each other about any agreement establishing such customs union or free trade area. The Joint Committee has no competence to take decisions for amendment of customs unions or free trade areas or arrangements for frontier trade, which have been concluded and entered into force for the Contracting Parties.

#### Article 36

##### Amendments

Amendments to this Agreement other than those decided upon in accordance with paragraph 3 of Article 34, and which are approved by the Joint Committee shall enter

into force on the first day of the second month following the receipt of the latter diplomatic note confirming that their internal legal requirements for the entry into force of the amendments have been fulfilled.

#### Article 37

##### Annexes and Protocols

1. Annexes and Protocols to this Agreement are an integral part of it.
2. The Joint Committee may decide to amend the Annexes and Protocols to this Agreement. In this case the amendments shall enter into force on the first day of the second month following the receipt of the latter diplomatic note confirming that their internal legal requirements for the entry into force of the amendments have been fulfilled.

#### Article 38

##### Entry Into Force

This Agreement is subject to ratification. This Agreement shall enter into force on the first day of the second month following the date on which the Contracting Parties have notified each other through diplomatic channels that their internal legal requirements for the entry into force of this Agreement have been fulfilled.

#### Article 39

##### Validity And Denunciation

1. This Agreement is concluded for an unlimited period of time.
2. Either Contracting Party may denounce this Agreement by a written notification to the other Party. The denunciation shall take effect on the first day of the seventh month following the date on which the notification was received by the other Contracting Party.
3. Both Contracting Parties agree that in the event of a Contracting Party becoming a member of the European Union, that Party will withdraw from this Agreement at the latest the day before membership takes effect, and without any compensation to the other Party.

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

DONE at Sofia, this 8-th day of May of the year two thousand and one in two originals, each in the Bulgarian, Lithuanian and English languages, all texts being equally authentic. In case of differences of interpretation, the English text shall prevail.

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1 The full text of the Agreement together with its annexes and protocols has been submitted to the Secretariat for consultation by interested Members (office 1174).



WT/REG152/1