

Luxembourg, 29 April 1997

7742/97 (Presse 133)
C/97/133

Cooperation Agreement between the European Community and the former Yugoslav Republic of Macedonia - Luxembourg, 29 April 1997

At a ceremony held in Luxembourg on 29 April 1997, an exchange of letters concerning the Cooperation Agreement between the European Community and the former Yugoslav Republic of Macedonia, accompanied by a Financial Protocol and a Transport Agreement, was signed

for the Former Yugoslav Republic of Macedonia by:

Mr Branko CRVENKOVSKI

Prime Minister of the Former Yugoslav Republic of Macedonia

for the European Community by:

Mr Hans VAN MIERLO

Deputy Prime Minister and Minister for Foreign Affairs of the Kingdom of the Netherlands, President-in-Office of the Council

On the same occasion, the two parties instituted a political dialogue which may be held at different levels, including Ministerial level (see text of the annexed Declaration).

Also present at the signing ceremony were Mr Ljubomir FRCKOVSKI, Minister for Foreign Affairs of the Former Yugoslav Republic of Macedonia, the Ministers for Foreign Affairs of the Member States and Mr Hans VAN DEN BROEK, Member of the Commission.

In their addresses at the signing ceremony, the Prime Minister of the Former Yugoslav Republic of Macedonia and the President of the Council stressed in particular that the two partners shared common values, such as democracy, respect for human rights and minorities, fundamental freedoms and the rule of law. The EU especially appreciated the efforts made by the Former Yugoslav Republic of Macedonia to improve relations with its neighbours and its commitment to economic and political reform.

The main elements of the Agreements are summarized below:

A. Cooperation Agreement

1. General

The aim of the Trade and Cooperation Agreement is the promotion of wide-ranging cooperation between the Community and the Former Yugoslav Republic of Macedonia (FYROM) with a view to contributing to FYROM's economic development, and in particular strengthening the market economy, and thus fostering bilateral relations.

Account was taken in the negotiations of the regional approach in respect of the countries of former Yugoslavia set out by the Council: cooperation and assistance for FYROM are geared to the development of good neighbourly relations, trade and cooperation in the region. The Agreement stipulates that willingness to enter into these types of relations with the other countries in the region will be a major factor in the development of relations between the Community and FYROM.

The fundamental principles also include the usual clause on respect for human rights and democratic principles. This essential component of the Agreement is accompanied by a clause enabling appropriate measures to be taken.

2. Economic, technical and financial cooperation covers, in particular, industrial cooperation, SMEs, investment, science and technology, transport, tourism, the environment and intellectual property. As regards energy, special reference is made to the principles of the Energy Charter and the desirability of promoting transit and the interconnection of systems. Cooperation also encompasses measures concerning the movement of capital, establishment and the provision of services. Particular weight is attached to projects or activities of an interregional or trans-European dimension.

This cooperation can be based on the PHARE programme, for which the FYROM is now formally eligible.

3. Trade

The Agreement confirms the preferential regime for imports into the Community of industrial products originating in FYROM: in general, the regime provides for free access. However, some products are subject to quotas or tariff ceilings, the levels of which have been laid down in the Agreement on the basis of the trade patterns observed between the Community and FYROM in those products. A separate bilateral agreement for textiles was initialled on 16 April 1997.

On agriculture, the Agreement provides for concessions for certain agricultural products originating in FYROM, taking account of the state of the market and the situation of the producers concerned in the Community. It is also planned to negotiate a separate agreement on wines and spirits as soon as possible.

On the other hand, Community exports to FYROM are to enjoy "most-favoured nation" treatment and a "standstill" clause. However, in order to promote regional cooperation, it is planned that FYROM may accord preferential treatment to imports originating in States of the former Yugoslavia or other neighbouring countries for a period of 5 years, which may be extended.

On trade, besides a number of improvements and simplifications concerning rules of origin, the Agreement contains the usual provisions against dumping, a general safeguard clause and provision for consultations in the event of sudden and very substantial worsening of a trade imbalance and for a safeguard clause in the event of balance-of-payments difficulties, an "infant industries" clause for FYROM and a protection mechanism for sensitive Community products.

4. Institutional provisions - Development of relations

A Cooperation Council composed of representatives of the Community and representatives of FYROM will ensure the smooth functioning of the Agreement. Disputes concerning interpretation of the Agreement are referred to it and provision is made for an arbitration procedure.

The Agreement is concluded for an unlimited period. In addition, a future developments clause provides for the parties to examine, in due course, when conditions are met, the possibility of strengthening their contractual relations, bearing in mind the aspirations of FYROM for an advanced relationship towards an association with the Community.

B. Agreement in the field of Transport

The aim of the Agreement in the field of transport is to promote cooperation in this area, ensuring the free flow of Community transit traffic through FYROM and the continuity of transport between Community Member States. This cooperation will apply particularly to road, rail and combined transport and to the relevant infrastructures.

The Agreement includes provisions concerning the development of the principal road and rail routes of FYROM of special interest to the Community. It provides for a Community financial contribution in proportion to its interests, in particular to ensure uninterrupted links between the Member States of the Community.

C. Financial Protocol

The Cooperation Agreement and the Transport Agreement are accompanied by a Financial Protocol for the period 1996-2000, providing for budget funds totalling ECU 20 million and loans from EIB own resources for a total amount of ECU 150 million. The EIB loans are intended for the financing or part-financing of projects contributing to the economic development of FYROM. This amount will be committed over a period of five years in line with the usual EIB conditions. Commitment of the instalments will be contingent on verification by the Community of FYROM's capacity to absorb the loans, on the headway being made with economic reform and on compatibility with the constraints imposed by the Guarantee Fund for the Union's external actions and the conclusions of the ECOFIN Council of November 1995 on EIB loans to third countries.

The allocation of ECU 20 million in budget funds is intended as an interest-rate subsidy to the financing of infrastructure projects.

The Community's contribution to the financing of projects is subject to full implementation by FYROM of its suspended financial obligations to the EIB and the Community.

ANNEX

JOINT DECLARATION OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES AND THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA ON POLITICAL DIALOGUE

On the occasion of the signature of the Cooperation Agreement between the European Community and the former Yugoslav Republic of Macedonia, the European Community and its Member States and the former Yugoslav Republic of Macedonia (hereinafter the "Parties") express their resolution to reinforce and intensify their mutual relations in the political, economic and cultural fields.

Accordingly, the Parties have agreed to establish a regular political dialogue which will accompany and consolidate their rapprochement, support the political and economic changes under way in the former Yugoslav Republic of Macedonia, and contribute to the establishment of lasting links or solidarity and new forms of cooperation. The political dialogue, based on shared values and aspirations, will aim at:

1. reinforcing democratic principles and institutions, as well as respect for human rights, including the rights of persons belonging to minorities,
2. supporting the transition to a market economy in the former Yugoslav Republic of Macedonia,
3. facilitating the full integration of the former Yugoslav Republic of Macedonia into the Community of democratic nations and its progressive rapprochement with the Community,
4. bringing about mutual understanding and increasing convergence of positions on international issues, and in particular on those matters likely to have substantial effects on one or the other Party,

5. enabling each Party to consider the position and interests of the other Party in their respective decision-making process,
6. enhancing security and stability in the whole of Europe and, in particular, in the region of South-Eastern Europe.

The political dialogue between the Parties will take place through contacts, exchanges and consultations, in particular in the following forms:

1. meeting at ministerial level,
2. meeting at senior official level between the former Yugoslav Republic of Macedonia on the one hand, and the Presidency of the Council of the European Union and the Commission of the European Communities on the other,
3. providing mutual information on foreign policy decisions, taking full advantage of diplomatic channels, including contacts in the bilateral as well as the multilateral field, such as UN, OSCE meetings and elsewhere,
4. contacts at Parliamentary level,
5. any other means which would contribute to consolidating, developing and stepping up the political dialogue between the Parties,
6. where appropriate, political dialogue should be organized as regional dialogue, including other parties.

If and when appropriate, the Parties agree to review the proposed arrangements on the basis of future needs and constraints.