

**RECOMMENDATION OF THE JOINT COMMITTEE OF THE CENTRAL
EUROPEAN FREE TRADE AGREEMENT**

No. 1/2013

Adopted on 20 November 2013

**On rebalancing measures in response to the replicated trade distorting
measures**

The Joint Committee,

Having regard to the conditions and procedures for taking measures regulated by Article 24 of the Annex 1 to the Agreement on Amendment of and Accession to the Central European Free Trade Agreement ('the Agreement'),

Having regard to the conclusions of the Special Joint Committee meeting held in Belgrade on 22 July 2013,

Having regard to an increase in number of the measures incompatible with the proper functioning of the Agreement which have been readopted subsequent to their abolishment in response to the dispute settlement procedures invoked by the Parties affected from the measures in accordance with Article 42 of the Agreement,

Having regard to Article 24 paragraph 4 of the Agreement requiring any rebalancing measures in accordance with Article 42 to be restricted with regard to their extent and duration to what is strictly necessary in order to remedy the problem, not to be in excess of the injury caused by the practice, and to give priority to those measures which least disturb the functioning of this Agreement,

With the objective to prevent new cases in which CEFTA Parties adopt measures to replicate the previously abolished measures due to their incompatibility with the functioning of the Agreement,

Has recommended the following:

In case any CEFTA Party adopts a measure affecting trade in agricultural and industrial products between the Party concerned and other Parties incompatible with the functioning of this Agreement, the Parties affected may apply appropriate rebalancing measures in order to remedy the situation, immediately after entering into force of the disputed measure, provided that the Party concerned adopts the disputed measure with an aim to replicate a previously abolished measure in terms of its affect on trade and products covered, and all

the dispute settlement provisions were invoked subject to the previous measure before its abolishment for the first time.

The Parties to apply rebalancing measures in response to the disputed measure shall promptly notify the Joint Committee thereof prior to its adoption.

The Parties in applying rebalancing measures reiterate their commitment to both the letter and the spirit of Article 24 paragraph 4 of the Agreement.

This recommendation shall take effect on the date of its adoption.

Adopted in Sarajevo on 20 November 2013 in the presence of representatives of
all CEFTA Parties