

The Importance and Expectations of the Free Trade Agreement between Republic of Serbia and Eurasian Economic Union

Ivana Popović Petrović¹

Abstract

The Free Trade Agreement between the Republic of Serbia and Eurasian Economic Union was signed in 2019 and it had just entered into the force in July 2021. The main aim of this paper is to point out the importance of newly open market of more than 180 million of habitants and potential buyers, for Serbian economy. These expectations of trade` increase, primarily would be analyzed by elements of the Agreement, important for the trade regulation. Many economic opportunities couldn` t be seized unless relations between signatories are thoroughly regulated and that is the reason for observing the content of this Agreement as the best basement for further achievements.

Pointing the main objectives of the Agreement, as expansion and promotion of the free mutual trade and all economic relations with the improvements of procedures for its implementation, the focus of the paper would be the analysis of the Agreement and its Annexes as its integral part: List of goods exempted from free trade regimes of both parties, Joint administration, Technical barriers to trade, Sanitary and Phytosanitary Measures, Anti-dumping Procedures and Countervailing Measures, Dispute Settlements Body, Joint Committee.

The Agreement has regulated many issues, especially very sensitive ones, like the Rule of Origin, as a part of the Annex 3, with a special reference on the issuing, verification, certification and mutual recognition of the Certificate of origin. It is expected that this issue, with detailed regulation in Agreement, would represent the great contribution to the facilitation of the trade flows. This Agreement is also good example of creating one transparent mechanism for the settlement of disputes, with the final aim to achieve mutually agreed solution. A special contribution of this Agreement would be pointing all important elements of the procedure for anti-dumping investigations. These elements would be compared to elements in other free trade agreements, with the assessment of the opportunities that this agreement provides.

Keywords: Free trade agreement, certificate of origin, list of exempted goods, dispute settlements body

1. Introduction

Serbia is a signatory of the Free Trade Agreement with the Eurasian Economic Union and its member states, starting from 2019 and its implementation has just started in July 2021. This Union is one of contemporary and young integrations consisting of the Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan. By signing this Agreement, Serbia added the Armenia and Kyrgyzstan to the list of bilateral agreements, already signed, with Russia, Belarus and Kazakhstan, which resulted in making the free trade zone. That way, the basement for the unification of the preferential trade regime for all Union countries was established, for their accessing the Serbian market and *vice versa*. One of two main reasons for this Agreement with Serbia was the alignment of the preferential trade regime between all the Union`s countries and the partner country of Serbia and the second important reason was the intention to make the cooperation stronger by creating more favorable environment for mutual trade.² The Agreement was signed on October, the 25th 2019, for an indefinite period.

The EAEU was created in 2014, by signing of the Agreement between Russia, Belarus and Kazakhstan, which entered into the force starting from the January the 1st 2015. The same year the Union was extended by the membership of Armenia and Kyrgyzstan. The process of the Union`s establishing started on the July the 1st 2011, when the customs union was established

¹ Assoc.Prof., Faculty of Economics, University of Belgrade, Serbia, ivana.popovic@ekof.bg.ac.rs

² Eurasian Economic Commission, *Eurasian Economic Union — Figures and highlights — Trade*, Trade Policy Department, 2020, p. 6.

between Russia, Belarus and Kazakhstan. This customs union was upgraded by the establishing of the Eurasian Economic Union, in 2014, with the envisaged establishment of free movement of labor, capital, goods and services, which are certainly the determinants of the common market. This was planned as a higher stage of integration. For the common external customs tariff of all three members, the customs tariff of Russia is determined. The main aim of the Union is a free flow of goods, services, labor force, capital, with plans for further and deeper integration with the common monetary policy and currency.

Becoming the part of the free trade zone, Serbia obtained almost the free market access, for more than 99% of goods from the Customs tariff. These countries reciprocally obtained free access on Serbian market. On the other side, expected benefits are firstly oriented towards Armenia and Kyrgyzstan, whose goods couldn't be imported at the Serbian market duty-free before and after these benefits, the EAEU expect benefits from expanded scope of preferential trade between Serbia and other three countries.

Analyzing results of current implementation of this Agreement, some opinions are focusing that the most pronounced results are obtained in the liberalization of the labor movement.³

By some authors, the level of intra-trade of this Union is still very low comparing to other regional economic integrations. By their opinion, the hard economic times and the currency depreciations of the member countries are the main reasons for slow increase of the EAEU's intra-trade, during last decade. In fact, during the last few years, these countries have achieved variable dynamics of the mutual trade. At the beginning of its associating, these countries have obtained the rise of its mutual trade, every year. It was 29% in 2010, 34% in 2011 and 9% in 2012. After this period came the period of its mutual trade decrease which lasted until the 2017, and it was stopped owing to the stabilization of the oil prices and changes of their currencies. Starting from 2014 until today, the share of their intra-trade was between 12.3-14.6%.⁴

Positioning this Agreement, which main function is creation of the Regional trade integration, the most important is its relation towards other international agreements, especially the connection, or relation that this Agreement has with the World Trade Organization's Agreement, (Marrakesh Agreement), concerning its priority.⁵ It is regulated in the Article 3, where it is determined that if any inconsistency between these two agreements appear, then the provisions of the WTO Agreement would be applied. Regulations of the EAEU are in compliance with the WTO regulations. The legal system of the Union and all member countries is planned to be aligned with the WTO Agreement. In cases that this process is not completed, than the WTO agreement would always prevail.⁶ Each Party shall accord national treatment to goods of the other Party in accordance with Article III of the GATT 1994.

³ Andrei Yeliseyev, *The Eurasian Economic Union: Expectations, Challenges and Achievements*, Policy Paper, May 2019, No.10, The German Marshall Fund of the United States, Washington, p.9.

⁴ Evgeny Troitskiy, *The Eurasian Economic Union at Five: Great Expectations and Hard Times*, author, January 14, 2020, Internet, www.wilsoncenter.org/blog-post/eurasian-economic-union-five-great-expectations-and-hard-times, (20.10.2021.)

⁵ Marrakesh Agreement is concluded on the April the 15th 1994. By this Agreement, the World Trade Organization was established. More in: WTO, *Marrakesh Agreement Establishing the World Trade Organization*, Internet, https://www.wto.org/english/docs_e/legal_e/04-wto_e.htm, (25.10.2021.)

⁶ Eurasian Research Institute, *World Trade Organization's Regulation Harmonization with Other Organization: Eurasian Economic Union*, Internet, <https://www.eurasian-research.org/publication/world-trade-organizations-regulation-harmonization-with-other-organization-eurasian-economic-union/>, (20.10.2021.)

2. The Elements of the Agreement and Expectations of Their Impact on Further Cooperation — The Market Access

Pointing at the main objectives of the Agreement, as expansion and promotion of the free mutual trade and all economic relations with the improvements of procedures for its implementation, the focus of the Paper would be the analysis of the Agreement and its Annexes as its integral part.⁷

The basement for defining the free trade regime between the signatory parties is the content of Article 4 — Free trade regime. By its regulation, the signatories are obliged not to apply customs duties, or other charges with the equivalent effect to customs duties. This rule has its exceptions, making possible the implementation of tariffs for goods listed in Annex 1 — List of Goods Exempted from Free Trade Regime upon Importation to the Customs Territory of the Republic of Serbia from the Member States of the Eurasian Economic Union and for goods mentioned in the List 2 — “List of Goods Exempted from Free Trade Regime upon Importation to the Customs Territory of the Eurasian Economic Union from the Republic of Serbia”. These customs duties and customs charges are planned to be applied in accordance with the rule of the most-favored nation treatment (Article 1-GATT 1994).

Concerning the fact that Lists of exceptions are also stated in order to define exactly which products will be subject to customs duties, all other products will have duty-free access to the markets of the signatory countries. For the most of products, the Parties, or signatories, will not apply customs duties and any charges, importing goods with the origin of any signatory.

Creating a List of exceptions is the common step, or content in the most free trade agreements, aiming in such a way, to protect the signatories` domestic producers of a small, but significant part of the products produced in their territories, or for some other reason. Within the customs tariff of each country, such products are generally represented with only a few percents share.

The List of goods which are exempted from the free trade regime, by importing them on the customs territory of the Republic of Serbia from the member states of EAEU, is as follows:

Table 1: List of goods exempted from free trade regime, upon importation to the customs territory of the Republic of Serbia from the member states of EAEU

Description	Goods originating from:
White sugar	the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic
Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol. or higher; ethyl alcohol and other spirits, denatured, of any strength	the Republic of Armenia, Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic
Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol; spirits, liqueurs and other spirituous beverages	the Republic of Armenia, from the Republic of Belarus, the Republic of Kazakhstan or the Kyrgyz Republic
Cigars, cheroots, cigarillos of tobacco or of tobacco substitutes	the Republic of Armenia, from the Republic of Belarus, the Republic of Kazakhstan or the Kyrgyz Republic
Retreaded or used pneumatic tyres of rubber	

⁷ Free trade Agreement between the Republic of Serbia and the Eurasian Economic Union and its member states, (Article 2), p. 2.

Tractors, (other than tractors of heading 8709), new	the Russian Federation
Tractors, (other than tractors of heading 8709),used	
Motor vehicles for the transport of ten or more persons, including the driver, used,	
Motor cars and other motor vehicles principally designed for the transport of persons, (other than those of heading 8702) including station wagons and racing cars	
Motor vehicles for transport of goods, new	the Russian Federation
Motor vehicles for transport of goods, used	

Note: The HS Codes for products are listed in the Annex to the Agreement;

Source: Free trade Agreement between the Republic of Serbia and the Eurasian Economic Union and its member states, *List of Goods exempted from free trade regime upon importation to the customs territory of the Republic of Serbia from the member states of the Eurasian economic union*, (Annex 1), pp.17-18.

The above List is given according to the original data from Annex 1 of the Agreement. It can be noticed that the Exemption List is defined for imports into Serbia from individual member states of the Union, not from the Union as a whole. For example, White sugar, as a product listed in the List of Exemptions from the Free trade regime, it is considered as an exemption only when white sugar is imported to Serbia from Armenia, Belarus, Kyrgyzstan and Kazakhstan, Russia is not listed, therefore. This means that the import duty on this product will be paid, entering the Serbian market, if it is imported from the mentioned countries, except from Russia. The same situation is listed for the wide group of alcoholic beverages, which will not be burdened with the payment of import duties if it comes from Russia, while for other member states of the Union, this possibility does not apply. Or, for example, the *vice versa* situation according to which the List of exemptions includes Tractors that are imported exclusively from Russia, but not Tractors from other member states of the EAEU.

The List of products which are the subject of the tariff rate quotas for the import on the customs territory of the Republic of Serbia from the member states of the EAEU, means that these products could be imported at the territory of Serbia with the duty free regime, under tariff quotas, but only from above mentioned countries. We can notice that the products from Russia are not at this List.

Table 2: The List of goods, subject to the tariff rate quota for importation to the customs territory of the Republic of Serbia from the member states of the EAEU

Originating from:	Description	Duty free quota quantity
the Republic of Armenia, the Kyrgyz Republic, the Republic of Kazakhstan	Processed cheese, not grated or powdered	100 tons per year
the Republic of Armenia, the Republic of Belarus, the Kyrgyz Republic, or the Republic of Kazakhstan	Spirits obtained by distilling grape wine or grape marc, others	50 000 liters of pure (100 %) alcohol per year
the Republic of Armenia, the Republic of Belarus, the Kyrgyz Republic, or the Republic of Kazakhstan	Cigarettes containing tobacco	2 000000 thousand items per year

Note: The HS Codes for products are listed in the Annex to the Agreement;

Source: Free trade Agreement between the Republic of Serbia and the Eurasian Economic Union and its member states, *List of Goods subject to the tariff rate quota for importation to the customs territory of the Republic of Serbia from the member states of the Eurasian Economic Union*, (Annex 1), p.19.

All these listed products, within the defined quantity, would be treated with the duty free regime when they are imported at the Serbian territory. For higher quantity of products would be applied the out-of-quota tariff rate according to laws of Serbia and to Article 5 of the Agreement which is dedicated to Most-Favored-Nation Treatment. This List is the subject of the Annex 1.

The Annex 2 is oriented towards the topic of determining exceptions from the free trade regime at importing all further listed products from the Republic of Serbia, on the customs territory of the EAEU. This Lists consists of many different products, starting from the chicken meat, sugar, wine, all the way to the products which are result of the textile industry and especially important for Serbian export, the motor cars and motor vehicles.

Table 3: List of goods exempted from free trade regime, upon importation to the customs territory of the Eurasian Economic Union from the Republic of Serbia

Meat and edible offal, of the poultry of heading 0105, fresh, chilled or frozen
Processed cheese, not grated or powdered
White sugar
Sparkling wine
Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol. or higher; ethyl alcohol and other spirits, denatured, of any strength
Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol; spirits, liqueurs and other spirituous beverages
Cigars, cheroots, cigarillos of tobacco or of tobacco substitutes
Retreaded or used pneumatic tyres of rubber
Cotton yarn (other than sewing thread), containing 85 % or more by weight of cotton, not put up for retail sale
Woven fabrics of cotton, containing 85 % or more by weight of cotton, weighing not more than 200 g/m ²
Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200 g/m ²
Woven fabrics of cotton, containing less than 85 % by weight of cotton, mixed mainly or solely with man-made fibres, weighing not more than 200 g/m ²
Woven fabrics of cotton, containing less than 85 % by weight of cotton, mixed mainly or solely with man-made fibres, weighing more than 200 g/m ²
Other woven fabrics of cotton
Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery
Compressors of a kind used in refrigerating equipment
Tractors (other than tractors of heading 8709)
Motor vehicles for the transport of ten or more persons, including the driver, used
Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars
Motor vehicles for transport of goods, used

Note: The HS Codes for products are listed in the Annex to the Agreement;

Source: Free trade Agreement between the Republic of Serbia and the Eurasian Economic Union and its member states, *List of Goods exempted from free trade regime upon importation to the customs territory of the Eurasian Economic union from the Republic of Serbia*, (Annex 2), pp. 20-21.

It can be noticed that, unlike the previous List of exemptions, for goods originating from EAEU, this List provides a list of goods that are exempted from the free trade regime, originating from Serbia, but for their accessing territories of all member states of the Union, without specifying at least one country where import duties wouldn't have to be paid. Therefore, for these products

from Serbia, when they are imported to the territory of any member states, import duties will have to be paid.

The structure of the List of goods which are subjects of the tariff rate quota regime when they are imported to the EAEU territory from the Republic of Serbia is very similar to the list from the Table 2. This regulation gives the possibility for Serbian exporters to access the EAEU market without tariffs for these products, but only within the regulated quantity. For all imports over that quantity, customs duty has to be paid.

Table 4: The List of goods subject to the tariff rate quota for importation to the customs territory of the EAEU from the Republic of Serbia

Description	Duty free quota quantity
Other cheese	400 tons per year
Spirits obtained by distilling grape wine or grape marc, others	35 000 liters of pure (100 %) alcohol per year
Cigarettes containing tobacco	2 000 000 thousand items per year

Note: The HS Codes for products are listed in the Annex to the Agreement;

Source: Free trade Agreement between the Republic of Serbia and the Eurasian Economic Union and its member states, *List of Goods subject to the tariff rate quota for importation to the customs territory of the Eurasian Economic Union from the Republic of Serbia*, (Annex 2), p. 22.

These possibilities for the export from Serbia towards EAEU countries are opened, but with limitations which are determined by the quantity of the exported products. In Annex 2 the main information explains this possibility with limitations. It means that the EAEU would allow the import from Serbia as the duty-free, but only within the tariff rate quota. Their levels are determined by the quantity of the product exported from Serbia, 400 tons of cheese, 35000 of alcohol and 2 000000 thousand of cigarettes.

2.1. Joint Administration

The Union has already established the Joint Committee and the Commission as the basic elements of the organizational structure. Preparing and concluding this Agreement, the Union has established the Joint Committee, as the institutional body with the numerous assignments, which is the subject of the Article 28.

The Agreement determines the need to form a joint body, as the part of the joint administration, that would be in charge of monitoring and examining the process of the Agreement's implementation, finding new possibilities for the trade improvement and promotion of mutual trade relations. The predicted form of this body would be the Joint Committee with the representatives of both sides, mostly people from Government at the Ministerial level from Serbia and the representatives from Union at the other side. The Committee is also responsible for submission to all signatories, possible amendments to the existing Agreement.

Meeting of the Joint Committee should be organized at least once in a two years, but for the normal functioning in a meantime, it is determined that signatories could organize special sessions no later than 30 days after the request is made. The manner of such organization of joint bodies indicates the seriousness of the approach to potential specific topics that must be resolved, which would determine and improve further trade relations between the signatories.

In order to achieve faster operability, the Joint Committee should establish sub-committees, or working groups, for resolving special and individual tasks.

In order to facilitate the communications between the signatories, they have to form the Contact points during the first month after the entrance into the force of the Agreement. These contact points should be formed in all signatories, or parties of the Agreement. Beside the facilitation

of the Agreement's implementation, the main aim of their foundation is ensuring the full implementation of the Agreement. Their task is to receive objections referred by other signatories, or Parties and to provide answers to these complaints.

The Agreement has regulated the possibility for all countries, possible new members of the EAEU, to accede to this Agreement when they become members of the Union. It also provides that, if any of the members of the Union decides to withdraw from the Union, it will also withdraw outside the framework of this Agreement.

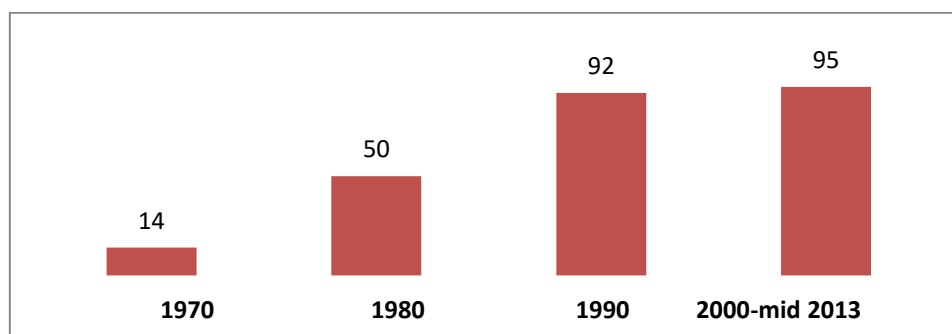
2.2. Technical Barriers to Trade

The Agreement obliges the parties to cooperate and exchange information on standards, technical regulations, metrology, procedures, including accreditation, testing and certification, with a view to increase the mutual understanding of their respective systems and preventing the implementation of any technical barriers to trade between them. If any signatory considers that other signatory has taken any measure which provokes new technical barrier to mutual trade, it can organize technical consultations under the auspices of the Joint Committee, with the aim to find the acceptable solution. All suggestion should be defined in conformity with the provisions of the Agreement on Technical Barriers to Trade, in Annex 1A to the WTO Agreement.

2.3. Trade Facilitation Measures

A few important contributions of this Agreement, included in its numerous articles, they are connected with the Trade Facilitation issue. The most modern agreement reached under the auspices of the WTO, adopted in 2013, at the WTO` Bali Ministerial Conference, the Trade Facilitation Agreement (TFA) covers several different areas, all together leading to the facilitation of trade flows. These issues are covered within the individual articles of the TF Agreement, where some of these issues are processed, or mentioned: Sanitary and Phytosanitary Measures — SPS, The origin of goods, Transit of Goods. All these articles are harmonized with corresponding articles of the GATT 1994. As the TF Agreement today is a set of many heterogeneous issues, during the process of negotiation under the auspices of the WTO, starting from 2004, this issue was not so wide-ranging. At its start, it included only some articles of the GATT, Articles V, VIII and X, with noticed importance of the customs clearance procedures and their expediting. When the TF Agreement was adopted, it became obvious that the Agreement covered some other important areas that facilitated trade flows, as modern instruments for the expediting of the movements, release and clearance of goods at frontiers. These elements today are very important component of many Regional Trade Agreements (RTAs).

Chart 1: RTAs containing Trade Facilitation components (in percentage of total Agreements)



Source: Nora Neufeld, *Trade Facilitation Provisions in Regional Trade Agreements Traits and Trends*, Staff Working Paper ERSD-2014-01, World Trade Organization, 2014, p. 7.

Data from picture 1, point out the fact that contemporary RTAs, more than 95% of them, contain TF components. Although this study doesn't include all contemporary articles of the TF Agreement, in the moment this study was published, one year after the adoption of the TF Agreement in 2013, it pointed out the importance of the TF issue. It encompassed the GATT Articles V, VIII, X and the widespread issue of the customs cooperation. Some of today's most important issue of the TF as the Rules of origin and SPS have been set aside;

2.4. Sanitary and Phytosanitary Measures

The aim of the Article 10 — Sanitary and Phytosanitary Measures is the harmonization of existing SPS measures, in mutual trade of the EAEU with Serbia, but in accordance with the Agreement on the Application of Sanitary and Phytosanitary Measures, in Annex 1A to the WTO Agreement. They undertook to work on the issues of information exchange and further development of SPS measures with the aim to decrease the negative impact of possible measures for intra-trade, which could be introduced by either party. If the problem persists, the signatories of the Agreement could organize technical consultations with the Joint Committee to find the solution.

2.5. The Origin of Goods

The origin of goods is very sensitive issue and that is the reason why the space of one whole annex is dedicated to this topic. This is the Annex 3, “Rules of Origin”. This issue means the legal basement for the determination of the economic nationality of the goods.⁸ It was the subject of the GATT 1994 and the modern TF Agreement of the WTO and they both contain some provisions necessity to determine the origin of goods.

This Free Trade Agreement regulated many issues, especially very sensitive issues like the Rule of Origin. The origin of goods is important to be defined, as the country where the good was made, because of the implementation of some trade measures, especially trade preferences across the free trade zone. The further explanation of rules connected with the Rules of Origin, mentioned in the Article 11, they are developed as a part of the Annex 3, with a special pointing out on the procedure for issuing and mutual recognizing of the Certificate of origin.⁹ The Rules of origin are an integral part of many free trade agreements, regulating, that way, the granting of the preferential tariff regime. The special contribution of this Agreement, similar to other regional trade agreements, with the aim of making free trade zone, certainly is the thoroughly addressing the problem of the Rules of Origin. The aim of these Rules is its implementation, the way it brings the reduction of costs, by implementation of the preferential regimes for signatories of the Agreement. Without the mutual recognizing of this document, preferential regime couldn't be operable and the free trade regime couldn't be established.

For the mutual recognition of these rules, the basement is the “certificate of origin”, as a document which should be issued only by an authorized body, indicating the country of origin. To be specified as a country of origin is simple when the product is wholly produced in one country, not in a few of them. If it is a case, when at least two, but even a few countries are included in that process, for one product's completion, than the signatories would use the “criterion of sufficient working (processing)”. This means that the product would be considered as a product which is originating from the country where the last substantial processing phase took place. The Origin Criteria is defined in the Article 3 of the Annex 3.

⁸ World Trade Organization, *Rules of Origin*, Internet, https://www.wto.org/english/tratop_e/roi_e/roi_e.htm, (20.09.2021.)

⁹ Free trade Agreement between the Republic of Serbia and the Eurasian Economic Union and its member states, *Rules of Origin*, (Annex 3), pp. 23-38.

The signatories of the Agreement are obliged to designate the “authorized body”, as the organization, or a body for issuing and confirmation of the certificate of origin. They are also obliged to designate the “verification authority”, as the mechanism with a few duties: to control the issuance of these certificates, declarations of origin, the credibility of data in these documents and the control of these criteria compliance by the manufacturers.

The Article 10 of the Annex 3, regulates the rules for obtaining the status of the product being imported under the free trade regime. For these goods, the valid and truly completed certificates of origin, at the form named Form CT-2, should be submitted to the customs authorities of the importing country. This certificate should be submitted for goods under one consignment and in original and hard copy. The period of validity is one year, starting from the date of issuing by the authorized body. It is also possible to issue the officially certified duplicate if the original document is damaged or lost. The issuer of this document and the applicant are obliged to have the copy of the certificate for at least period of three years.

The Article 13 of the Annex 3, allows the use of the Declaration of origin instead of the Certificate of origin, with the aim to make the procedures faster in the case of importing the small consignments, with the customs value less than five thousand Euro. But, in the case that customs authorities of the importing country doubt the validity of the information stated in the declaration, they may request a certificate of origin at the Form ST-2.

The procedure of verification is also regulated by subsequent articles of the Annex 3 and the requirements and procedures for correct filling of the Certificate of origin and its appropriate layout and data content. For the facilitation of the administrative procedures concerning the implementation of the Certificate of origin, the signatories are obliged to start using the Electronic origin certification and verification system no later than in two years.¹⁰

2.6. Transit

The issue of transit, dedicated to the Transit of goods, always the integrative part of many Agreements of the free trade, is situated in the Article 12 - Transit of Goods. This issue is in the accordance with the Article V of the GATT 1994, which became the part of this Agreement, as well.

The freedom of transit (Article V, GATT 1994) is one of the main issues used as starting points for the work on the Trade Facilitation, under the auspices of the WTO, beside the Article VIII and X of the GATT 1994. The WTO General Council has decided to start these negotiations on August the 1st 2004. The main waited goal when these negotiations have started, was clarifying and improving the expediting, the movement, release and clearance of goods with special focus on goods in transit.¹¹

The EAEU-Serbia Free Trade Agreement has regulated the procedure for transit. For the transit of goods through the territory of a third country, the “certificate of non-manipulation” must be provided. This is the document which has to be issued by customs authority of the third country, whose territory was used for transit of these goods. They have to confirm that these goods had

¹⁰ Free trade Agreement between the Republic of Serbia and the Eurasian Economic Union and its member states, *Rules of Origin*, (Annex 3) – Articles 15-18, pp. 32-38.

¹¹ Ivana Popović Petrović and Predrag Bjelić, "Trade Facilitation Agreement and Its Role in International Trade", in: Nebojša Janičijević (editor), *Contemporary Management and Marketing Methods in Improving Competitiveness of Companies in Serbia in the Process of its Integration in European Union*, CID, Faculty of Economics, University of Belgrade, Centar za izdavačku delatnost Ekonomskog fakulteta u Beogradu, 2014, p. 203.

been under their control and that these goods didn't pass through some production process, or that they were not replaced by another goods.¹²

2.7. Anti-dumping Procedures and Countervailing Measures

These measures are covered by the Agreement. In the Article 18, it was decided that all signatory countries of the Agreement, apply Anti-dumping and Countervailing Measures, but in accordance with the GATT 1994, ie, Article VI of the GATT 1994 and in accordance with the related agreements. Important determinant in this Agreement is the fact that if Serbia has to start conducting the anti-dumping investigations towards any of signatory country, or start anti-dumping proceedings and reviews, it would be oriented only toward that individual country, not toward import from the EAEU as the Union. (Article 18-Paragraph 3)

2.8. Dispute Settlements Body

The Agreement stipulates that if any dispute arises between at least two signatories, than they should implement procedures and rules from the Annex 5 of the Agreement, dedicated to the “Dispute Settlement”.¹³ The aim of the Annex 5 is introduction and implementation of one transparent mechanism for resolving all misunderstandings that may arise during the implementation of this Agreement. The signatories, having any problem, should try to resolve it using the method of consultations with the possible result of finding the mutually agreed solution. If not, there are some other, upgraded forms of dispute settlement procedures as: recourse to good offices, conciliation or mediation. If it doesn't lead to the result, the complaining signatory could ask for establishing the Arbitral Panel, made of three members, with appropriate qualifications, defined in the Article 8 of the Annex 5. Their decisions and reports have to be accepted without any conditions and all information about taken measures should be sent towards the Joint Committee.

The importance of taking into the Agreement, the modern issue of dispute settlement body is of the great importance for EAEU member states. Otherwise, member states could be concerned about resolving any possible disputes and disagreements, because Serbia is still not a member of the WTO. The representatives of the EAEU consider it very important to introduce this element into the Agreement.¹⁴ The expectations of the EAEU Economic Commission is also oriented towards Serbia obligations to provide the Union's exporters with all legal guarantees and general conditions under the auspices of the WTO, already Serbia still is not its member.¹⁵

3. Conclusion

It is expected that the main advantages for Serbia as the signatory of this Agreement, would be oriented primarily towards domestic producers and exporters of cheese and fruit, with increased export of cigarettes and certain types of alcohol without customs duties. This Agreement enables the export of two thousand tons of cigarettes, 35,000 liters of pure alcohol, 400 tons of cheese.

After a few years of this Agreement's implementation, it is expected that Serbian exporters primarily would use benefits of approved duty free quota quantity and this favorable market access. After that phase, some steps towards changes of exported products structure should be

¹² Free trade Agreement between the Republic of Serbia and the Eurasian Economic Union and its member states, *Rules of Origin*, (Annex 3) – Article 9, pp. 27-28.

¹³ Free trade Agreement between the Republic of Serbia and the Eurasian Economic Union and its member states, *Dispute Settlement*, (Annex 5) – Article 9, pp. 44-55.

¹⁴ Eurasian Economic Commission, *EAEU and Serbia signed Free Trade Agreement*, Internet, <http://www.eurasiancommission.org/en/nae/news/Pages/25-10-2019-6.aspx>, (10/09/2021.)

¹⁵ Eurasian Economic Commission, *Eurasian Economic Union — Figures and highlights — Trade*, Trade Policy Department, 2020, p. 6.

done, from raw materials to semi-finished and finished products, because it is expected to raise the level of processing of products which are planned to be exported to this large market. This is the aim of all improvements of the exports oriented products structure, oriented towards this Union as well as others.

Beside the already intensive trade that Serbia realized with Russia, expecting the more intensive trade with Belarus, the Agreement sheds light on new trade relations with Armenia and Kyrgyzstan, countries with which Serbia hasn't achieved such high level of trade relations.

Concerning the structure, the Agreement is very similar to many other agreements forming the free trade zone. As in other similar RTAs, this Agreement is also based on the compliance and giving the priority to the WTO Agreements if any disagreement happens.

This Agreement consists of many structural elements that are an essential part of any agreement constituting the free trade zone. First of all are elements of the market access approach, as the clear separation of products under the free trade regime from the exceptions listed in the List of exceptions. The free trade regime is applied for all products, except for products at the Lists of exemptions. The greatest expectations are oriented towards exporters of some group of products, whose products are classified as the subject of the tariff rate quotas.

As many Regional trade integrations Agreements include some of elements for the Trade facilitation process, this Agreements especially, deals in great detail with issues such as: Rules of Origin, Transit, Sanitary and Phytosanitary Measures. Detailed regulation of the Rules of origin implementation is oriented towards decreasing the possibilities to implement some of administrative non-tariff barriers and to implement duty free regime only for goods with origin. Clear procedure for its implementation is expected to facilitate the application of the preferential regime for all signatories. That way, the costs of all participants in trade would be reduced and greater competitiveness at these markets of all trading parties, would be ensured. The Agreement regulates the group of Technical and Administrative non-tariff barriers in a same time and especially SPS measures which have the dual nature and belong to both groups of non-tariff measures. Establishing the Dispute Settlements Body, creators of this Agreement have predicted the way for finding solutions if something goes wrong in mutual relations of signatories. The seriousness of the signatories' approach to this integration' institutionalization, is indicated by the complete structure of the joint bodies that will be formed, in order to achieve the desired level of cooperation and overcome all obstacles.

References

1. Free trade Agreement between the Republic of Serbia and the Eurasian Economic Union and its member states, Internet, http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/%D0%A1%D0%B5%D1%80%D0%B1%D0%B8%D1%8F/Agreement.pdf, (10.10.2021.).
2. Eurasian Economic Commission, *Eurasian Economic Union — Figures and highlights — Trade*, Trade Policy Department, 2020.
3. Nora Neufeld, *Trade Facilitation Provisions in Regional Trade Agreements Traits and Trends*, Staff Working Paper ERSD-2014-01, World Trade Organization, 2014.
4. Andrei Yeliseyeu, *The Eurasian Economic Union: Expectations, Challenges and Achievements*, Policy Paper, May 2019, No.10, The German Marshall Fund of the United States, Washington.
5. Ivana Popović Petrović and Predrag Bjelić "Trade Facilitation Agreement and Its Role in International Trade" in: Nebojša Janićijević (editor) "Contemporary Management and Marketing Methods in Improving Competitiveness of Companies in Serbia in the Process

- of its Integration in European Union" Centar za izdavačku delatnost Ekonomskog fakulteta u Beogradu, 2014, pp. 201-217. (ISBN 978-86-403-1394-0)
6. World Trade Organization, *Rules of Origin*, Internet, https://www.wto.org/english/tratop_e/roi_e/roi_e.htm.
 7. Evgeny Troitskiy, *The Eurasian Economic Union at Five: Great Expectations and Hard Times*, author, January 14, 2020, Internet, www.wilsoncenter.org/blog-post/eurasian-economic-union-five-great-expectations-and-hard-times, (20.10.2021.).
 8. Eurasian Research Institute, *World Trade Organization`s Regulation Harmonization with Other Organization: Eurasian Economic Union*, Internet, <https://www.eurasian-research.org/publication/world-trade-organizations-regulation-harmonization-with-other-organization-eurasian-economic-union/>, (20.10.2021.).
 9. Eurasian Economic Commission, *EAEU and Serbia signed Free Trade Agreement*, Internet, <http://www.eurasiancommission.org/en/nae/news/Pages/25-10-2019-6.aspx>, (10/09/2021.)
 10. World Trade Organization, *Marrakesh Agreement Establishing the World Trade Organization*, Internet, https://www.wto.org/english/docs_e/legal_e/04-wto_e.htm, (25.10.2021.).