

## **THE LAW ON FOREIGN TRADE POLICY**

**("Official Gazette of Bosnia and Herzegovina", No. 7/98 and 35/04)**

### **EXCERPT**

Law on foreign trade policy regulates basic elements of the goods and service export-import system and it also determines conditions for performing economic activities abroad and carrying out activities by natural persons and legal entities in Bosnia and Herzegovina.

This Law determines rules which arise from the trade agreements on extraordinary application of protective measures and for the protection of domestic market against international unfair competency such as damping and subsidies.

Passing unilateral measures, which relate to foreign trade and agreements with the third countries in the field of foreign trade, are the authorities of the BiH institutions and foreign trade policy is determined by the BiH bodies together with the authorised bodies in the Entities. Export and import of goods are free from any limits or other measures of the same effect, but bans of limits of the international turnover on the basis of publicity, moral, public policy or public security etc., are not excluded.

Export and import of goods will be provided under the same conditions in the whole BiH territory. The imported goods are subject to the same tax or legal conditions as it is the case with the same or similar goods produced in BiH.

Council of Ministries determines scope and value of quotas, way, time period, classification of goods according to the individual regimes of export and import.

The Ministry of Foreign Trade and economic relations of BiH provides needed number of bilateral and multilateral approvals, quotas, allotments, working licenses for abroad etc. for the needs of BiH economy. The above mentioned is given to the Entities and entities give them further to the final beneficiaries.

Goods, which are imported, have to be in accordance with the standards and technical and qualitative norms in order to be put into turnover.

If agreements with foreign legal entities, regulations of the foreign countries of international agreements anticipate that, certificates or verified documents - such documents are issued or verified by the authorised bodies - have to be submitted along with the exported and imported goods. State authorities, which issue or verify these certificates or documents in our country, are BiH Ministry of Foreign Trade and with the signature and seal, and as far as Entities are concerned, it is done with watermark and signature.

Turnover of goods, which represent investment of capital by foreign legal entity and natural person or increase of role of capital, except goods, import of which is subject to special limits, provided it is free in accordance with the legal business transaction on the basis on which the investment is made.

Entities from Bosnia and Herzegovina, which invest capital of perform investment works abroad, can import equipment and spare parts, bought or used in performing these works, and along with the proof on purchase it is necessary to present accounting document (proof) that these goods were used for performing investment projects and projects of capital investment abroad.

Replacement of previously imported or exported goods, temporary export or import of goods and regimes for export and import from free zones and to free zones are regulated by Articles 12 to 16 of this Law.

An Entity can receive equipment, measuring instruments and devices, official vehicles and equipment, which were sent by the foreign legal entity with which, the agreement on commission, consignment warehouse or services for the purpose of service provision within signed agreements, was signed, in accordance with the Customs rules.

Long term production cooperation is a long term contractual relation lasting, at least, three years, between domestic legal entity, which carries out production activities in BiH and foreign legal entity; this relation refers to the development, introduction of production and mutual supply with production and mutual supply with products and their constituent parts.

If such agreement is subject to quota or permission, BiH Ministry of Foreign Trade and competent Ministries of both Entities give the approval which is valid as long as the agreement is effective.

The value of exported goods must be equal to the value of goods imported on the basis of the same agreement.

An entity can, temporarily, export or import rented equipment for use in production and for performing services. Entities issue permits for temporary export or import of rented goods.

An entity can sign agreements on export of goods and services which are paid by import of goods and services.

Services can be provided freely within the BiH territory, and Council of Ministers can determine that the international trade with certain services, can be carried out in accordance with the special conditions.

Services of foreign and natural persons and legal entities in BiH are subject to taxation and regulations under the same conditions as it is the case with the same or similar services of domestic natural persons and legal entities.

Export and import of services, without compensation, are approved by the competent Ministries of Entities in accordance with the stipulated conditions which are determined by the Council of Ministers and upon the proposal of BiH Ministry of Foreign Trade.

The Ministry of Foreign Trade of the Entity, according to the conditions which are determined by BiH Council Ministers, gives the approval to the domestic legal entities for use of funds for investment to the establishing entities in a foreign country. These regulations relate to the establishment of offices abroad, branches as well as to performing banking and financial transactions, insurance and reinsurance.

Aspects of intellectual property rights, which relate to foreign trade and international agreements are in the competence of BiH institutions.

Council of Ministers of BiH determines application of protective measures within the limited period, when there is a danger of serious offense of domestic production.

Council of Ministers determine definitions, conditions and procedures of anti-dumping examination as well as measures and terms for anti-dumping protection.

The procedure for determining existence of dumping is initiated on the basis of the written request by the legal entity or an association which functions on behalf of BiH economy, and it will be considered that the request is submitted if it is supported by those producers, whose scope of

production of the same or similar products and services, is more than 50% of the total production of the same or similiar product or services in BiH.

Temporary measures can be introduced for the period of 6 months and extended to three months more.

Regulations of Articles 34 to 38 are applied to the subsidized import.

Control of implementation of this Law is carried out by the Ministry of Foreign Trade, which, while proposing by-laws and other regulations to the BiH Council of Ministers, is obliged to provide oppinion of the authorised bodies of the Entities and, when needed, economic associations.

**This Law came into effect on May 19, 1998 and it is applied to all procedures initiated after this date.**

**Exchanges of this law came into force on July 24, 2004.**