

**Project Fiche – IPA Annual Action Programme 2007 for Bosnia and Herzegovina –
Safety Infrastructure**

1. Basic information

1.1 CRIS Number:

1.2 Title: Safety Infrastructure

1.3 ELARG Statistical code: 03.1-Free movement of goods

1.4 Location: Sarajevo, Bosnia and Herzegovina

Implementing arrangements:

1.5 Contracting Authority (EC): European Community, represented by the European Commission for and on behalf of beneficiary country

1.6 Implementing Agency: EC Delegation in Bosnia and Herzegovina

1.7 Beneficiary (including details of project manager):

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BiH Market Surveillance Agency

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Financing:

1.8 Overall cost: 1,700,000 EUR

1.9 EU contribution: 1,700,000 EUR

1.10 Final date for contracting: N+2

1.11 Final date for execution of contracts: N+4

1.12 Final date for disbursements: N+5

2. Overall Objective and Project Purpose

2.1 Overall Objective:

The overall objective is to further develop the quality infrastructure in the BiH, in line with the provisions of the SAA, and to create an enabling environment for the BiH industries and manufacturers to improve their trade and industrial relations with the EU and international markets as well as quality of life.

2.2 Project purpose:

To develop the capacity for legal drafting and implementation of the technical regulations in line Ministries, and to provide technical assistance in transposition of priority technical regulations in compliance with corresponding EU New Approach Directives and establishment of conformity assessment system;

To further develop the capacity of the market surveillance system in BiH regarding its task to guarantee the safety and compliance of technical products in accordance with EU market surveillance good practice.

2.3 Link with AP/NPAA / EP/ SAA

The European Partnership (EP) calls for BiH in the short term to implement current legislation in the areas of standards, certification, metrology, accreditation and conformity assessment and to align rules and regulations in these areas with the *acquis*, in particular to create conditions favourable to trade. (Section European Standards/Free movement of goods). Please refer to Annex III of the Project Fiche.

Similarly, the SAA calls for BiH to take the necessary measures in order to gradually achieve conformity with Community technical regulations and European standardisation, metrology, accreditation and conformity assessment procedures by promoting the use of Community technical regulations, European standards and conformity assessment procedures and providing assistance to fostering the development of quality infrastructure. (Title VI Approximation of Laws, Law Enforcement and Competition Rules, Article 76 Standardisation, Metrology, Accreditation and Conformity Assessment). Please refer to Annex III of the Project Fiche.

2.4 Link with MIPD

In the area of European Standards, the Multi-Annual Indicative Programme (MIPD 2007-2009), foresees programmes being implemented to improve the legal framework for quality infrastructure and to enhance the thereto related institutional and professional capacity. As indicators of achievement, the MIPD expects to see that the legal framework for standardization, metrology, accreditation and certification of products will be in line with EU standards and best practices and that the institutional, technical and professional capacity of the quality infrastructure institutions will be strengthened (Section 2.2.3.1, 2.2.3.2, 2.2.3.3).

2.5 Link with National Development Plan

The Bosnia and Herzegovina Medium Term Development Strategy has recognised that "Free Movement and Safety of Industrial Products" is one of key preconditions for creation of common economic space and economic growth in BiH. Basic goal is establishing common economic space in BiH that functions according to the rules of EU Internal Market and World Trade Organisation. (Section 2.3.2 Internal market, Section 2.3.2.2. Free flow of goods). Please refer to Annex III of the Project Fiche.

2.6 Link with national/ sectoral investment plans(where applicable)

N/A

3. Description of project

3.1 Background and justification:

BiH enjoys generous trade concessions from the EU. In September 2000, the EU, as part of the SAP extended autonomous trade preferences (ATPs) to a number of countries in SEE, including BiH. These ATPs grant duty free access to EU markets for all products, with the exception of some products in fishery, wines and beef. These ATPs are extended to BiH for a period of 10 years up to the end of 2010.

At present BiH is unable to exploit these opportunities due to deficiencies in norms, standards, certification and controls. It is clear that a lack of infrastructure in BiH undermines the capacity for export of economic operators. European Partnership calls for these obstacles to be addressed using the *Acquis* as a basis for new legislation and regulations. This will both

advance BiH approximation to the EU and *Acquis* provide a sound basis for new legislation and regulations.

The New Approach Area is composed of three sets of legislation and systems established as follows: Product Legislation, Conformity Assessment, and Market Surveillance. The manufacturer must demonstrate the compliance of its product with related product legislation (directives) in the conformity assessment procedure. Usually compliance is demonstrated using European harmonised standards as the New Approach directives set up only the essential requirements while the related harmonised standards provide the manufacturer with all necessary details.

At the end of the conformity assessment procedure, the manufacturer affixes the CE (European Conformity) marking on its product and the product is then released on the market. When the product is on the market the Market Surveillance System provides oversight until the end of its life cycle. Lack of effective and efficient Market Surveillance is extremely dangerous as far as consumer protection is concerned.

In the previous system, mandatory certification/attestation was performed under the control of state authorities before the putting of the products on the market, on the basis of mandatory standards and regulations. The development of the new product safety system based on the New Approach, Global Approach, and Modular Approach introduced the new way of demonstration of conformity of products with the related technical regulation(s). The new conformity assessment system is based on:

- Greater responsibility of manufacturers;
- No intervention of state authorities in conformity assessment process;
- The fact that, generally, conformity assessment bodies are private bodies.

Establishing and building competence of conformity assessment bodies that will be demonstrated by accreditation and designation made by BiH competent authority is a precondition for the recognition of the system and products out of the country.

For the time being BiH has adopted three framework laws based on European model:

- Law on Technical Requirements for Products and Conformity Assessment;
- General Product Safety Law;
- Market Surveillance Law.

These laws are just the legal basis for the transposition and implementation/enforcement of EU regulations and directives regulating safety of technical industrial products. The Law on Technical Requirements for Products and Conformity Assessment could be fully implemented for certain group of products after the transposition and implementation of related new approach directives (i.e. Low Voltage Limit, Machinery, Safety of toys, Lifts, Equipment and protective system intended for use in potential explosive atmosphere and Electromagnetic compatibility Directives have been transposed with the EC assistance).

It is important to emphasize that until the adoption of these laws BiH inherited from former Yugoslavia technical legislations but it did almost nothing to implement them. That means that citizens have been left unprotected. Due to the importance of the area, the BiH Technical Regulations Committee has been established, with the principal task of proposing technical regulations in BiH, aimed at accepting the New Approach Directives. In addition, the Council of Ministers adopted three acts (Plan of activity for realisation of the Programme of the Transposition of Technical Regulation, Programme of the Transposition of Technical Regulation and Instruction on the Methodology and Procedures of adoption of Technical Regulations) that defines division of competencies between BiH institutions responsible for transposition and implementation of technical regulations and defines participants, their

competencies and responsibilities and way of work in the process of development and passing of technical regulations.

In regard to the preparation of organisation of market surveillance in accordance with legislation and good practice of the EU, BiH has established the Agency for Market Surveillance in BiH that will together with the inspectorates of the entities and customs institutions of BiH form the system of market surveillance. (The main role and tasks of the Agency are coordination of activities of inspectorates of the entities and providing professional assistance to inspectors in performing market surveillance aimed at having single and effective system of market surveillance in BiH). Inspectorates of the entities are reallocated from the relevant ministries and are organised in Inspectorates that directly report to the Governments of the entities (FBiH and RS).

According to Bosnia and Herzegovina 2006 Progress Report, little has been achieved in the area of free movement of goods. BiH has made limited progress in aligning its legislation and policies with European standards. The report points out a lack of a proper conformity assessment infrastructure and needs for further development of market surveillance system based on appropriate product legislation. BiH will need to further enhance its capacity to respond to the requirements of the European Partnership in this respect.

Once BiH transposes and implements/enforces related new approach directive(s) and establishes adequate conformity assessment system it can conclude the protocols on mutual recognition of test reports and certificates on conformity with CEFTA members and other trading partners that operate the same or equivalent system of product safety. It applies to EU as well as far as protocols on conformity assessment and acceptance of products are concerned.

To that end, BiH has chosen to follow an EU path and has committed itself to take the necessary measures in order to reduce technical trade barriers and to gradually achieve conformity with Community technical regulations and standards. Acceptance and observance of these principles instigates economic reforms and competitiveness of economy as a whole, stimulates trade and investment, and contributes to development and consolidation of macro-economic stability. On the other hand, harmonisation of legislation creates a legal framework suitable for maximum economic effect, with special attention afforded to institution development.

It is essential to create a technical environment which gives the necessary level of confidence for the free placing on the market and the free circulation of products.

Therefore, intervention in this area will contribute to the improvement of the export capacity and competitiveness of industry in BiH and will facilitate the export of BiH goods to the EU Internal Market and other markets for particular groups of products covered by related priority New Approach Directives (Industrial Products) and General Product Safety Law transposing EU General Product Safety Directive (consumer's products).

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

The project will further develop an enabling environment for the BiH industries and manufacturers to improve their trade and industrial relations with the EU and international markets as well as quality of life. Acceptance and observance of these principles instigates economic reforms and competitiveness of economy as a whole, stimulates trade and investment, and contributes to development and consolidation of macro-economic stability. On the other hand, harmonisation of legislation creates a legal framework suitable for maximum economic effect, with special attention afforded to institution development.

3.3 Results and measurable indicators:

Component 1 Transposition and implementation of EU New Approach Directives (industrial products), Product Liability Directive and General Product Safety Directive and support to MoFTER and line Ministries to be able to realise its mandate in this regard.

- New Approach Directives transposed;
- New Approach Directives implemented;
- Product Liability Directive transposed and implemented;
- General Product Safety Directive implemented;
- Human resources developed in the responsible State and Entity ministries and State Level Institutions in areas covered by the intervention in this Component;
- Department in Ministry of Foreign Trade and Economic Relations(MoFTER) responsible for conformity assessment is fully capable of discharging its duties;
- Awareness about technical regulations is increased among all stakeholders.

Component 2 Establishment of Conformity Assessment System and support to the responsible institutions in becoming fully able to realise its mandate.

- Conformity assessment system is established on the state level;
- Human resources developed in the Department in MoFTER and responsible line Ministries;
- Plan of activity for preparation of BiH to sign Agreement on Conformity Assessment and Acceptance of Industrial Products (ACA) adopted;
- The system for nomination of conformity assessment bodies at the state level established;
- Awareness about conformity assessment is increased among all stakeholders.

Component 3 Establishment of Market Surveillance System and support to the Market Surveillance Agency in becoming fully able to realise its mandate.

- Establishment and gradual implementation of a market surveillance system (in the field of New Approach Directives and General Product Safety Directive);
- Efficient and sustainable Market surveillance Agency (MSA) and capacity of Entity Inspectorates (Units for market surveillance) to carry out market surveillance activities in accordance with EU good practices are developed ;
- EU standards and practices of the control and surveillance in the fields of Free Movement of Goods are applied ;
- Cooperation among all actors involved in market surveillance is improved;
- Data bases of market surveillance system is created and used by both MSA and units for market surveillance in Entity Inspectorates);
- Increased public awareness of consumer protection and the benefits of market surveillance.

3.4 Activities:

Component 1 Transposition and implementation of EU New Approach Directives (industrial products), Product Liability Directive , implementation of General Product Safety Directive and support to MoFTER and line Ministries to be able to realise its mandate in this regard.

- Implementation of 8 New Approach Directives;
- Transposition of 8-10 New Approach Directives;
- Implementation of General Product Safety Directive;
- Transposition and Implementation of Product Liability Directive;

- Training to build capacity of line Ministries' staff to be able to undertake drafting and transposition of EU Directives and realise their mandate in this regard (i.e. includes, *inter alia*, training of staff, organisational strengthening).
- TA to support department in MoFTER in becoming fully operational and realise its mandate in this regard (i.e. includes, *inter alia*, training of staff, organisational strengthening);
- Implementation of an awareness campaign strategy about technical regulation (based on good practices in EU Member States (MSs)) elaborated during the Inception Phase.

Component 2 Establishment of Conformity Assessment System and support to the responsible institutions in becoming fully able to realise its mandate.

- Establishing Conformity Assessment System for the set of particular directives in BiH;
- The following regulations/guides produced:
 - Regulation on the recognition of conformity assessment documents made abroad;
 - Regulation on the designation (notification) of conformity assessment bodies;
 - Regulation on products safety and quality of imported goods in order to prevent technical barriers to trade;
 - Action plan for the activities to be done for making ACA agreement in the filed of strategic interest for BiH.
- Training to build capacity of department in MoFTER and responsible line Ministries' staff to be able to realise their mandate in this regard;
- TA to support responsible institutions in preparation of Plan of activity for preparation of BiH to sign ACA;
- Establishing of the system for the notified bodies for the conformity assessment at the state level;
- Establishing the system for nomination of conformity assessment bodies at the state level;
- TA to support department in MoFTER and responsible line Ministries and institutions in becoming fully operational and realise its mandate in this regard (i.e. includes, *inter alia*, training of staff, organisational strengthening);
- Awareness campaign strategy about conformity assessment.

Component 3 Establishment of Market Surveillance System and support to the Market Surveillance Agency in becoming fully able to realise its mandate.

- Elaboration of assessment /gap/ needs analyses of the:
 - Groups of technical products (domestic and imported) circulating on the BiH market;
 - Administrative, organizational and technical capacity of MSA regarding its current and future market surveillance activities, including training needs analysis;
 - Competence of currently existing and future testing laboratories and conformity assessment bodies dealing with market surveillance activities;
 - Identification of the necessary laboratory capacities for the needs of market surveillance.
- Technical Assistance in establishing and developing Market surveillance system in filed of technical products covered by priorities New Approach Directives;
- Technical Assistance to MSA and units for market surveillance in Entity Inspectorates in order to achieve the capacity, the know- how and the means to

effectively implement the market surveillance activities in the field of general product safety;

- Technical Assistance in capacity building in order to achieve standards and practices of the control and surveillance in the fields of Free Movement of Goods, following the model of Market Surveillance of the EU;
- Assisting the authorities and relevant institutions in the development of a sustainable market surveillance practices;
- Technical Assistance in development of related data base;
- Training of relevant actors, i.e. decision makers, inspectorates, administration officials, representative of trade and industry, etc.;
- Implementation of an awareness campaign with BiH consumers regarding the benefits of market surveillance.

The above mentioned activities will be realised by the Technical Assistance Contract. The indicative input is the following: 16 months/man of 4 long-term experts, and min. 600 days/man of short-term experts.

3.5 Conditionality and sequencing:

All conditions are in place for this activity to take place

3.6 Linked activities

Technical Assistance to the Establishment of a Single Economic Space in BiH (I) - € 598,580 (project ended in 2003)

This project is contributing to the establishment of a single economic space consistent with the *Acquis* in selected areas of intervention.

Technical Assistance to the Establishment of a Single Economic Space in BiH (II) - € 2 Million (project ended in 2005)

This project is contributing to the establishment of a single economic space consistent with the *Acquis* in selected areas of intervention.

CARDS 2002- Regional Quality Infrastructure Project (project ended in 2006)

The first (CARDS 2002) Regional Quality Infrastructure Project carried out by the European Committee for Standardization (CEN) assisted the countries of the Western Balkans to develop the quality infrastructure in the region and to broaden the basis for mutual confidence between the five countries/region and the EU. By working together the countries could pool their expertise, share knowledge, resources and facilities in a variety of fields: technical regulations, standardisation, accreditation, testing-certification-inspection, metrology and market surveillance.

Technical Assistance for the Transposition and Implementation of Technical Regulation in BiH- 1, 25 MEUR (project end date July 2007)

This project is developing the capacity for legal drafting and implementation of the technical regulations in MoFTER, , and providing technical assistance in transposition of priority technical regulations in compliance with corresponding EU New Approach Directives (regarding Industrial Standards).

IFC's International Technical Standards and Regulations Program (project started in 2006)

IFC's International Technical Standards and Regulations Program is a 3- year program financed by the Royal Norwegian Ministry of Foreign Affairs. The focus of the program is to build awareness among companies about International technical standards and regulations and provide both companies and local business service providers (BDS) with a range of topical

training and consulting services relevant to specific industries. The program covers the four Western Balkans countries of Albania, Bosnia & Herzegovina, Macedonia and Serbia-Montenegro). The ITSr program aims to introduce technical standards among companies operating in four targeted sectors in Bosnia and Herzegovina, namely: Food processing/Retail, Construction Materials, General Manufacturing and IT (software companies).

3.7 Lessons learned

With the SAP, BiH assumed the obligation to establish its internal market, named single economic space, in line with the EU's Internal Market. A single economic space is a geographical area where internal borders do not represent boundaries for economic activities. Establishing a single economic space within BiH is fundamental for economic recovery, the establishment of a free market and to attract much needed foreign investment.

Working with counterparts from the State and entity governments, EU support has made a major contribution to resolving this problem by developing a new system of technical regulations governing the safety of industrial products. The system's advantages include fulfilling SAP requirements, approximating the requirements of the *Acquis* and meeting the requirements of the WTO regulations, which only recognise health and safety considerations, as well as protection of the environment, as legitimate barriers to free trade.

Regarding industrial products, a major step forward has been the incorporation of current EU directives into BiH's legal framework and transposing a number of EU directives covering issues such as the safety of machinery and electrical equipment into draft national technical regulations. Standardising industrial production helps guarantee the safety of workers, protects the health of consumers and prevents or reduces environmental pollution.

It is essential to create a technical environment which gives the necessary level of confidence for the free placing on the market and the free circulation of products. It is clear that a lack of infrastructure in BiH undermines the capacity for export of economic operators. European partnership calls for these obstacles to be addressed using the *acquis* as a basis for new legislation and regulations. This will both advance BiH approximation to the EU and *acquis* provide a sound basis for new legislation and regulations.

4. Indicative Budget (amounts in €)

	TOTAL COST	SOURCES OF FUNDING										
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION					PRIVATE	
		Total	% *	IB	INV	Total	% *	Central	Regional	IFIs	Total	% *
Activity- Safety Infrastructure												
contract 1-Safety Infrastructure	1,700,000	1,700,000	100%	1,700,00		0	0					
TOTAL	1,700,000	1,700,000	100%			0	0					

* expressed in % of the Total Cost

5. Indicative Implementation Schedule (periods broken down per quarter)

Contract	Start of Tendering	Signature of contract	Project Completion
Safety Infrastructure	Q1 2008	Q2 2008	Q1 2010

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the FA.

6. Cross cutting issues

6.1 Equal Opportunity

Equal opportunity principles and practices in ensuring equitable gender participation in the Project will be guaranteed.

6.2 Environment

The project will not have any negative environmental effects.

6.3 Minorities

Participation in the project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin, religion or belief, disability, sex or sexual orientation.

ANNEX I: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number: Safety Infrastructure	
	Contracting period expires:31/12/2009	Disbursement period expires: 31/12/2012
	Total budget : 1,700,000 EUR	IPA budget: 1,700,000 EUR

Overall objective	Objectively verifiable indicators	Sources of Verification	
The overall objective is to further develop the quality infrastructure in the BiH, in line with the provisions of the SAA, and to create an enabling environment for the BiH industries and manufacturers to improve their trade and industrial relations with the EU and international markets as well as quality of life.	Advancement in the Stabilisation and Association process (Sap) BiH meets the requirements of the SAA	Annual Progress Report issued by EC	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To develop the capacity for legal drafting and implementation of the technical regulations in line Ministries, and to provide technical assistance in transposition of priority technical regulations in compliance with corresponding EU New Approach Directives and establishment of conformity assessment system; To further develop the capacity of the market surveillance system in BiH regarding its task to guarantee the safety and compliance of technical products in accordance with EU market surveillance good practice.	New enactments in connection to New Approach Directives Market surveillance system established.	Official Gazette of BIH	Political willingness to approve, at State level, new technical regulations for BiH. Commitment and motivation of beneficiaries and recipients to receive Technical Assistance and to implement reforms.
Results	Objectively verifiable indicators	Sources of Verification	Assumptions

The results expected to be generated by the project would include (the details of the Results are set out in 3.4 above): Component 1 - Transposition and implementation of EU New Approach Directives (industrial products), Product Liability Directive and General Product Safety Directive and support to MoFTER and line Ministries to be able to realise its mandate in this regard. Component 2 - Establishment of Conformity Assessment System and support to the responsible institutions in becoming fully able to realise its mandate. Component 3 - Establishment of Market Surveillance System and support to the Market Surveillance Agency in becoming fully able to realise its mandate.	New Approach Directives transposed and implemented (approximately 20) -Working sessions with the Transposition Working Group performed; -Training of the TWG on the Directive delivered, -Draft Ordinance sent to National Committee for Technical Regulation; -The official guidelines for NA Directives translated and presented to the TWG and other stakeholders Needs assessment document for setting up the priority segments of related part BiH Market Surveillance System produced and submitted to the Committee for Technical Regulation; Number of staff of Inspectorate of FBiH and RS and Agency for Market Surveillance trained; Identified institutions trained; Cooperation with the relevant bodies improved; Public awareness campaign delivered.	New Approach Directives adopted; Seminar materials, participants evaluation sheets; Action plan for preparation of BiH to sign ACA; Report on consultation to the National Committee for Technical Regulation; Annual Report of the MSA; Training pamphlet with list of subjects and participants; Training Evaluation sheets; Media coverage of the Public awareness campaign; Project and Monitoring Reports.	The project operates in a clear institutional set-up; MSA staffed and operational; Absorption capacity in MSA and MoFTER is sufficient; Good technical level of the staff; There is adequate cooperation between various stakeholders; There is commitment and motivation on behalf of beneficiaries and recipients to receive technical assistance; The government will be committed to adopt and implement laws.
Activities	Means	Costs	Assumptions
Detailed Activities are given in 3.4. above. Component 1 Transposition and implementation of EU New Approach Directives (industrial products), Product Liability Directive and General Product Safety Directive and support to MoFTER and line Ministries to be able to realise its mandate in this regard. Component 2 Establishment of Conformity Assessment System and support to the responsible institutions in becoming fully able to realise its mandate. Component 3 – Establishment of	Technical Assistance (services) for: • Legal approximation (i.e. includes harmonisation, drafting) • Training needs analysis and implementation regarding development and implementation of New Approach Directives and Product Liability Directive and General Product Safety Directive; • Public awareness campaign • Horizontal managerial capacity building	TA 1.7 million Euro	

Market Surveillance System and support to the Market Surveillance Agency in becoming fully able to realise its mandate.

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ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project

Contracted	Q2/2008	Q3/2008	Q4/2008	Q1/2009	Q2/2009	Q3/2009	Q4/2009	Q1/2010
Safety Infrastructure	1.7 M							
Total	1.7 M							
Cumulated	1.7 M							
Disbursed								
Safety Infrastructure	0.51M		0.51M			0.51M		0.17M
Total	0.51 M		0.51 M			0.51 M		0.17 M
Cumulated	0.51 M		1.02 M			1.53 M		1.7 M

ANNEX III Reference to laws, regulations and strategic documents:

Reference list of relevant laws and regulations

- Law on Market Surveillance (Official gazette of BiH, No.45/04)
- Law on technical requirements for products and conformity assessment (Official gazette of BiH No.45/04)
- Law on general safety of products (Official Gazette of BiH, No. 45/04)
- Law on Market Surveillance (Official gazette of BiH, No.45/04)
- Law on Ministries and Other Administrative Authorities.

Link with MIPD

In the area of European Standards, the Multi-Annual Indicative Programme (MIPD 2007-2009), foresees programmes being implemented to improve the legal framework for quality infrastructure and to enhance the thereto related institutional and professional capacity. As indicators of achievement, the MIPD expects to see that the legal framework for standardization, metrology, accreditation and certification of products will be in line with EU standards and best practices and that the institutional, technical and professional capacity of the quality infrastructure institutions will be strengthened. (Section 2.2.3.1, 2.2.3.2, 2.2.3.3)

Link with EP

The European Partnership (EP) calls for BiH in the short term to implement current legislation in the areas of standards, certification, metrology, accreditation and conformity assessment; to establish the institutions provided for by this legislation and equip/staff them so that they can implement their tasks; and to align rules and regulations in these areas with the *acquis*, in particular to create conditions favourable to trade. The EP requires establishment of a market surveillance structure responding to the requirements of the *acquis* on free movement of goods and establishment of an internal consultation and notification mechanism of new technical regulations prior to their adoption on measures having an impact on trade.

(Section European Standards/ Free movement of goods)

Link with SAA

SAA calls for BiH to take the necessary measures in order to gradually achieve conformity with Community technical regulations and European standardisation, metrology, accreditation and conformity assessment procedures by promoting the use of Community technical regulations, European standards and conformity assessment procedures; providing assistance to fostering the development of quality infrastructure: standardisation, metrology, accreditation and conformity assessment; promoting BiH's participation in the work of organisations related to conformity assessment, metrology (i.e. EA, WELME, EUROMET) and concluding an Agreement on Conformity Assessment and Acceptance of Industrial Products once the legislative framework and the procedure of BiH are sufficiently aligned on that of the Community and appropriate expertise is available.

(Title VI Approximation of Laws, Law Enforcement and Competition Rules, Article 76 Standardisation, Metrology, Accreditation and Conformity Assessment)

Link with BiH Mid-Term Development Strategy (PRSP)

The Bosnia and Herzegovina Medium Term Development Strategy has recognised that "Free Movement and Safety of Industrial Products" is one of key preconditions for creation of common economic space and economic growth in BiH. Basic goal is establishing common economic space in BiH that functions according to the rules of EU Internal Market and World Trade Organisation. It states that major goal in joining the EU internal market means: BiH companies, in most of the cases, can export their products and services without meeting any additional conditions in comparison to conditions in BiH market and that lives and health of people, domestic animals, environment and interests of consumers are protected from unsafe domestic and imported products.

(Section Common Economics Space)

Link with EU Integration Strategy of BiH

Signing the SAA, the BiH single economic space will integrate gradually into the EU internal market. Internal market is the basis of the present structure of the EU, as it is one of the most important elements for reaching aims such as sustainable development, high level of employment and social protection, better living standards and quality of life, economic and social cohesion. Freedom of movement of goods made up of a whole series of directives and regulations, are the basic principles of the internal market. Acceptance and observance of these principles instigates economic reforms and competitiveness of economy as a whole, stimulates trade and investment, and contributes to development and consolidation of macro-economic stability. On the other hand, harmonisation of legislation creates a legal framework suitable for maximum economic effect, with special attention afforded to institution development. Strategy sets priorities to be implemented:

- Implement the law and build a product liability system, and the Directive on product liability, and establish a market supervision infrastructure.
- Adopt a state level harmonisation program, i.e. a program of transposition of legislation and regulations and development of infrastructure for harmonisation assessment.
- Realise the remaining part of the programme in the next three years, i.e. implement the regulations adopted within the programme.
- Establish an effective infrastructure for programme implementation, using working groups comprising representatives of all the parties concerning in BiH.
- Implement priority segments of the programme (in particular, transpose directives of the *new approach* and the *global approach*, and directives related to food trade).
- Establish a scheme for staff training and evaluation in the area of harmonisation assessment.
- Secure an effective and uniform system in the area of standards, measurements, accreditation and technical regulations, and secure effectiveness and uniformity of such systems across BiH.
- Establish certification bodies for the quality system and staff.
- Establish bodies for harmonisation assessment (laboratories, certification and control/inspection bodies) for other groups of products.

- Secure for BiH institutions and associations in the area of standards, measurements, accreditation and harmonisation assessment full membership in relevant international organisations and associations, particularly EA, OIML, IAF, ILAC, etc.
- Enter the MLA agreement and sign PECA protocols with the EU for priority areas (group of products).
- Sign PECA protocols with the EU for other groups of products important for BiH economy.
- Sign special treaties (agreements) on recognition of documents in areas of harmonisation assessment, aimed at increasing export on the basis of free trade agreement already signed.

(Section 2.3.2 Internal market, Section 2.3.2.2. Free flow of goods)

Annex IV

Key Experts

Long Term Expert: Team Leader – 16 months

3 Long Term Expert: 16 months each

Pool of Short Term Experts –minimum 600 days

The project will be implemented through Technical Assistance Contract. The contract includes the following components.

Component 1 Transposition and implementation of EU New Approach Directives (industrial products), Product Liability Directive and General Product Safety Directive and support to MoFTER and line Ministries to be able to realise its mandate in this regard.

Component 2 Establishment of Conformity Assessment System and support to the responsible institutions in becoming fully able to realise its mandate.

Component 3 Establishment of Market Surveillance System and support to the Market Surveillance Agency in becoming fully able to realise its mandate.

For more details on specific tasks to be performed under each component, please refer to 3.4.