a. to promote through the expansion of trade the harmonious development of the economic relations among the Contracting Parties;

b. to provide fair conditions of competition for trade among the Contracting Parties;

c. to contribute in this way to intra-regional trade, to the smooth flow of commodities and the expansion of world trade; and

d. to increase substantially trade-related investment opportunities in the territories of the Contracting Parties.

5. The Contracting Parties shall interpret and apply the provisions of the Agreement in the light of its objectives and in accordance with internationally-accepted principles.

Chapter I

Goods

Article 3

Scope

1. The provisions of this Chapter shall apply to goods, originating in the territories of the concerned Contracting Parties, and commercial contracts concluded between natural and juridical persons of the Contracting Parties with regard to these goods, except sensitive goods which shall not exceed 1% of the six digit tariff lines. Lists of sensitive goods conveyed by the Contracting Parties shall be annexed to the Agreement and Contracting Parties may review it periodically as mutually agreed.

2. The Agreement will, inter alia, consist of arrangements relating to:

a. Non-tariff barriers

b. Para-tariffs

c. Tariffs

Article 4

Tariffs on Import of Goods

1. Upon entry into force the Agreement, unless otherwise provided therein, the applied tariff rates on imports shall not be changed to effect an increase without approval of the Cooperation Council. The Contracting Parties shall communicate to each other their respective applied tariff rates.

2. For each product the basic tariff rates and successive reductions agreed under the Agreement shall be applied in accordance with the principles of Most Favoured Nation.

3. Each Contracting Party shall extend to any other Contracting Party, not a member state of WTO, a treatment no less favourable than that extended to the WTO member states in relation to tariffs, para-tariffs, non-tariff barriers and the protection of Intellectual Property Rights falling within the scope of the Agreement.

4. Upon entry into force of the Agreement the Contracting Parties agree to reduce the tariffs rates on goods as follows:

a. To reduce tariffs, within a maximum period of 15 years for the Islamic State of Afghanistan and 8 years for other Contracting Parties, to a maximum of 15 percent as the highest tariff slab.

b. All goods being actually traded among the Contracting Parties till the date of entry into force of the Agreement shall constitute the positive list, except for the goods reflected in the negative list notified by a Contracting Party. The applied tariff schedule of the positive list shall be notified by each Contracting Party.

c. The positive list of goods shall be expanded gradually on proportionate basis in 8 equal annual stages so as to cover at least 80 percent of the goods on tariff lines.

d. Each Contracting Party shall, keeping in view the extent of tariff reduction required, notify a schedule of concessions to all member states for gradual and progressive reduction of applied tariffs to bring the highest tariff slab of each item to a maximum of 15 percent at the end of 8 years, but reduction shall not be less than 10 percent per annum of the existing tariff.

Article 5

Para-Tariff Charges on Import of Goods

1. The Contracting Parties shall notify each other regarding the types of para tariff charges and their custom duties equivalence.

2. Upon entry into force of the Agreement no new para tariff charges shall be introduced in trade among the Contracting Parties without the approval of the Cooperation Council.

3. All para tariff charges having effect equivalent to customs duties on imports shall be abolished within two years of the entry into force of the Agreement.

Article 6

Measures Relating to Non-Tariff Barriers on Imports and Measures Having Equivalent Effect

No prohibitions or restrictions other than tariffs shall be applied by any Contracting Party by means of quotas, other quantitative restrictions, import licensing or other restrictive measures on imports from other Contracting Parties, except those explicitly set forth in the Agreement, within two years of the entry into force of the Agreement.

Article 7

National Treatment

The products of any Contracting Party imported to any other Contracting Party shall be accorded treatment no less favourable than that accorded to like products of national origin, in respect of all laws, regulations and requirements affecting their sale, offer for sale, purchase, transportation, distribution or use.

Article 8

Customs Duties on Exports and Charges Having Equivalent Effect

The Contracting Parties shall progressively abolish any customs duties on exports and charges having equivalent effect among them within two years from the entry into force of the Agreement.

Article 9

Quantitative Restrictions on Exports and Measures Having Equivalent Effect

1. No new quantitative restrictions on exports or measures having equivalent effect shall be introduced in trade among the Contracting Parties.

2. All quantitative restrictions and measures having equivalent effect on export of products originating in the Contracting Parties shall be abolished within two years of the date of entry into force of the Agreement.

Article 10

Maintaining the Value of Concessions

No Contracting Party, after coming into force of this Agreement, shall prejudice or withdraw any concessions already granted through imposition of duties or levies or trade-restricting practices in excess of those already existing, without permission of the Cooperation Council. The provisions of this Article shall not apply to Anti-Dumping Measures (Article 20), safeguard measures (Article 21) and measures relating to balance-of-payments (Article 25).

Article 11

Transparency

Laws, regulations and other relevant measures of general application including technical standards, specifications and certifications, which pertain to or effect the operation of the Agreement, shall be published within a period of 30 days, or where such publication is not applicable, made publicly available.

Chapter II
General Provisions

Article 12

Rules of Origin