

1. If a dispute has been referred to arbitration there shall be three arbitrators.
2. The two parties to the dispute shall each appoint one arbitrator within 30 days.
3. The two arbitrators so designated shall nominate by common agreement one umpire who shall not be a national of either Party. If they cannot agree within two months of their appointment, the umpire shall be chosen by them from seven persons on a list established by the Association Council. The Association Council shall establish and review this list in accordance with its rules of procedure.
4. The arbitration tribunal shall sit in Brussels. Unless the Parties decide otherwise, it shall adopt its rules of procedure. It shall take its decisions by majority.

SECTION IV Safeguard measures

Article 63

The Parties confirm that the mechanism and modalities of safeguard measures provided for in Article 60 of the Additional Protocol remain valid.

Article 64

1. If a safeguard or protection measure taken by a Party creates an imbalance between the rights and obligations under this Decision, the other Party may take rebalancing measures in respect of that Party. Priority shall be given to such measures as will least disturb the functioning of the Customs Union.
2. The procedures provided for in Article 63 shall apply.

CHAPTER VI GENERAL AND FINAL PROVISIONS

Entry into force

Article 65

1. This Decision shall enter into force on 31 December 1995.
2. During the year 1995, progress in the implementation of this decision shall be examined regularly within the Association Committee, which will report to the Association Council.
3. Before the end of October 1995 the two Parties shall consider within the Association Council whether the provisions of this Decision for the proper functioning of the Customs Union are fulfilled.
4. On the basis of the report(s) of the Association Committee, if Turkey on one side or the Community and its Member States on the other side considers that the provisions referred to in paragraph 3 have not been met, this Party can notify to the Association Council its decision to ask for a postponement of the date referred to in paragraph 1. In such a case this date is deferred to 1 July 1996.
5. In this case paragraphs 2 to 4 shall apply mutatis mutandis.

6. The Association Council may take other appropriate decisions. Interpretation

Article 66

The provisions of this Decision, insofar as they are identical in substance to the corresponding provisions of the Treaty establishing the European Community shall be interpreted for the purposes of their implementation and application to products covered by the Customs Union, in conformity with the relevant decisions of the Court of Justice of the European Communities.

Done at

For the EC-Turkey Council
The Secretaries
The President

STATEMENTS

Statement by Turkey on Article 3(4):

Turkey undertakes to ensure that customs duties or charges having equivalent effect levied pursuant to the second paragraph of Article 3(4) are not allocated to any specific purpose but accrue to its national budget in the same way as other customs revenue.

Statement by the Community on Article 3(3):

The Community would recall the special status accorded to Mount Athos in accordance with the joint declaration annexed to the Act of Accession of the Hellenic Republic to the European Communities.

Statement by Turkey on Article 5:

Without prejudice to Article 5 of this Decision, Turkey intends to retain the provisions of its import regime decree (OJ No. 22158bis, 31.12.1994) on used motor vehicles whereby subjecting the importation of such products to prior permission; for a certain period following the entry into force of this Decision.

Statement by the Community on textile and clothing on Article 6:

1. Arrangements for trade in textile and clothing products will expire as soon as it is determined that Turkey has effectively implemented the measures for which the adoption is required under this decision, regarding intellectual, industrial and commercial property (Articles 2, 3, 4, 5 of Annex 8), competition, including the measures regarding public aid (Chapter IV, Section II, Article 39(1) and (2)(a), (b) and (c)), and that Turkey has put into operation, according to the multilateral rules presently in force, the measures necessary for the alignment of its commercial policy with that of the Community in the textile sector, in particular the arrangements and agreements referred to in Section III, Article 12(2).

2. The Community will apply the safeguard measures foreseen in Article 60 of the Additional Protocol if, though Turkey does not fulfil the conditions mentioned in paragraph 1, the present arrangements for trade in textile and clothing products are not extended.

3. The Community insists on effective reciprocity in market access in that sector.

Statement by Turkey on textiles and clothing on Article 6:

1. If despite the fulfilment by Turkey of the measures referred to in the first paragraph of the Community's Statement on the expiration of arrangements for trade in textile and clothing products, an end has not been put to the said arrangements, Turkey will take appropriate rebalancing measures.
2. In reference to paragraph 1 of the Community Statement on textiles and clothing on Article 6, Turkey understands that the measures related to the conclusion by Turkey of agreements or arrangements with Third Countries in the textile sector signifies that Turkey has taken the necessary steps referred to in Article 12(2) for such a conclusion, and that, in the meantime, the measures referred to in Article 12(3) remain applicable.
3. Turkey insists on full market access in that sector.

Statement by Turkey on Article 6:

Turkey deems it necessary to be associated with the work of the Textile Committee.

Statement by Turkey on Article 8:

Turkey deems it necessary to be associated with the work of the Standards and Technical Regulations Committee with a view to ensuring a level of cooperation commensurate with the aim of harmonization.

Statement by Turkey on Article 8:

Turkey wishes to stress the importance of a comprehensive, quick and as unburdensome as possible assessment of the instruments, procedures and infrastructures concerning the fulfilment by Turkey of the requirements foreseen in the instruments included in the list referred to in Article 8(2).

Turkey further stresses the need for the Community to proceed to the technical adaptations necessitated by Turkey's fulfilment of the requirements referred to above.

Joint statement on Article 11:

The Parties agree to engage immediately in discussions at the level of experts on the transportation by Turkey of the *acquis communautaire* concerning the abolition of technical barriers to trade.

Statement by Turkey on Article 16:

Turkey may seek consultation within the Association Council regarding the obligations that may arise for it as the result of its membership of the Economic Cooperation Organization (E.C.O.).

Statement by Turkey on Article 16:

In relation to Article 16, Turkey states that priority will be given to the following preferential agreements: Bulgaria, Hungary, Poland, Romania, Slovakia, Czech Republic, Israel, Estonia, Latvia and Lithuania, Morocco, Tunisia, Egypt.

Statement by the Community on Annex 8:

For the effective implementation and application of the provisions mentioned in this Annex, the Community is prepared to provide adequate technical assistance to Turkey both before and after entry into force of the Customs Union.

Statement by Turkey on Annex 8, Article 1:

This commitment does not prejudice Turkey's status as a developing country in the World Trade Organization.

Statement by the Community on Article 44:

In relation to Article 44(2), the Community states that the Commission of the European Communities, without prejudice to the position of the Council of the European Communities, in the exercise of its responsibilities for anti-dumping and safeguard measures, will offer information to Turkey before the initiation of proceedings. To this effect, appropriate modalities of application of Article 49 will be set out jointly before the entry into force of this decision. Furthermore the Community will give, on a case by case basis, where appropriate, a clear preference to price undertakings rather than duties in order to conclude anti-dumping cases where injury is found.

Statement by Turkey on Article 48:

Turkey states its intention to enter into negotiations with a view to acceding to the GATT Government Procurement Agreement.

Statement by Turkey on Article 60:

During the year 1995, and as Turkey harmonizes its legislation with that of the Community it will seek from the Association Council a decision to extend its involvement to other committees.

Joint statement on Article 65:

1. Any joint decision by the Community and its Member States to request that the entry into force of the Customs Union be postponed pursuant to Article 65(4) of this Decision will be taken on the basis of a proposal from the Commission of the European Communities and using the same decision-making procedure as for the adoption of this Decision.
2. Furthermore, postponement of the entry into force of this Decision shall not affect the contractual obligations entered into by the parties under the terms of the Additional Protocol.