

ARTICLE 1

Objectives

1. The EFTA States and Romania shall during a transitional period ending not later than 31 December 2002 gradually establish a free trade area, in accordance with the provisions of the present Agreement.

2. The objectives of this Agreement, which is based on trade relations between market economies and on the respect of democratic principles and human rights, are:

- (a) to promote, through the expansion of reciprocal trade, the harmonious development of the economic relations between the EFTA States and Romania and thus to foster in the EFTA States and in Romania the advance of economic activity, the improvement of living and employment conditions, and increased productivity and financial stability;
- (b) to provide fair conditions of competition for trade between the States Parties to this Agreement;
- (c) to contribute in this way, by the removal of barriers to trade, to the harmonious development and expansion of world trade.

ARTICLE 2

Scope

The Agreement shall apply:

- (a) to products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System, excluding the products listed in Annex I;
- (b) to products specified in Protocol A, with due regard to the arrangements provided for in that Protocol;
- (c) to fish and other marine products as provided for in Annex II;

originating in an EFTA State or Romania.

ARTICLE 3

Rules of origin and co-operation in customs administration

1. Protocol B lays down the rules of origin and methods of administrative co-operation.

2. The States Parties to this Agreement shall take appropriate measures, including regular reviews by the Joint Committee and arrangements for administrative co-operation, to ensure that the provisions of Articles 4 to 9, 14 and 23 of the Agreement and Protocol B are effectively and

harmoniously applied, and to reduce, as far as possible, the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.

ARTICLE 4

Customs duties on imports and charges having equivalent effect

1. No new customs duty on imports or charge having equivalent effect shall be introduced in trade between the EFTA States and Romania.
2. Upon the date of entry into force of this Agreement, the EFTA States shall abolish all customs duties on imports and any charges having equivalent effect for products originating in Romania, except for products specified in Annex III for which customs duties on imports and charges having equivalent effect shall be progressively abolished in accordance with the provisions laid down in that Annex.
3. For the products specified in Annex IV originating in an EFTA State, Romania shall abolish all customs duties on imports and any charges having equivalent effect in accordance with the provisions laid down in that Annex.

ARTICLE 5

Basic duties

1. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied, shall be the Most Favoured Nation rate of duty applied on 30 April 1993.
2. If, after the entry into force of this Agreement, any tariff reduction is applied on an erga omnes basis, in particular reductions implemented as a result of the Uruguay Round of Multilateral Trade Negotiations or of the renegotiation of the Protocol of Accession of Romania to the GATT, such reduced duties shall replace the basic duties referred to in paragraph 1 as from the date when such reductions are applied.
3. The reduced duties calculated in accordance with Article 4 shall be applied rounded to the first decimal place or, in case of specific duties, to the second decimal place.

ARTICLE 6

Customs duties of a fiscal nature

1. The provisions of paragraphs 1 to 3 of Article 4 shall also apply to customs duties of a fiscal nature, except as provided for in Protocol C.
2. The States Parties to this Agreement may replace a customs duty of a fiscal nature or the fiscal element of a customs duty by an internal tax.