

CHAPTER 2

TRADE IN GOODS

ARTICLE 2.1

Scope

This Chapter applies to the following goods traded between the Parties:

- (a) all products classified under Chapters 25 to 97 of the Harmonized Commodity Description and Coding System (HS), excluding the products listed in Annex II (Products not covered by the Agreement);
- (b) processed agricultural products specified in Annex III (Processed Agricultural Products), with due regard to the arrangements provided for in Annex III; and
- (c) fish, fisheries products and other marine products as provided for in Annex IV (Fish, Fisheries Products and Other Marine Products).

ARTICLE 2.2

Trade in Basic Agricultural Products

1. The Parties declare their readiness to foster, in so far as their agricultural policies allow, the harmonious development of trade in agricultural products.
2. Turkey and each EFTA State have concluded agreements on trade in agricultural products on a bilateral basis. These agreements form part of the instruments establishing the free trade area between the Parties.

ARTICLE 2.3

Rules of Origin and Methods of Administrative Cooperation

Provisions related to rules of origin are set out in Annex I (Rules of Origin and Methods of Administrative Cooperation).

ARTICLE 2.4

Import Duties

1. Upon entry into force of this Agreement, the Parties shall abolish all customs duties and charges having equivalent effect to customs duties on imports of products originating in a Party covered by subparagraph (a) of Article 2.1 (Scope). No new customs duties and charges having equivalent effect to customs duties on imports shall be introduced.
2. Customs duties and charges having equivalent effect to customs duties on imports include any duty or charge of any kind imposed in connection with the importation of a product, including any form of surtax or surcharge, but does not include any charge imposed in conformity with Articles III and VIII of the GATT 1994.

ARTICLE 2.5

Export Duties

1. The Parties shall, upon entry into force of this Agreement, eliminate all customs duties and other charges, including surcharges and other forms of contributions, in relation to the exportation of goods to a Party.
2. No new customs duties or other charges in relation to the exportation of goods to a Party shall be introduced.

ARTICLE 2.6

Customs Valuation¹

For the purposes of determining the customs value of products traded between the Parties, Article VII of the GATT 1994 and Part I of the Agreement on Implementation of Article VII of the GATT 1994 shall apply and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.7

Quantitative Restrictions

With respect to the rights and obligations of the Parties concerning quantitative restrictions, Paragraph 1 of Article XI of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

¹ Switzerland applies customs duties based on weight and quantity rather than *ad valorem* duties.

ARTICLE 2.8

Fees and Formalities

With respect to the rights and obligations of the Parties concerning fees and formalities, Article VIII of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.9

Internal Taxation and Regulations

With respect to the rights and obligations of the Parties concerning internal taxation and regulations, Article III of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.10

Payments

Payments relating to trade between the Parties and the transfer of such payments to a Party, where the creditor resides, shall be free from any restrictions, except as otherwise provided for in Article 2.22 (Balance-of-Payments).

ARTICLE 2.11

Sanitary and Phytosanitary Measures

1. Except as otherwise provided for in this Agreement, the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.
2. Import checks shall be carried out without undue delay.
3. The Parties shall exchange names and addresses of contact points with sanitary and phytosanitary expertise, in order to facilitate communication and the exchange of information.
4. Consultations shall be held at the request of a Party which considers that another Party has taken a measure which is likely to create, or has created, an obstacle to trade. Such consultations shall take place without undue delay after the receipt of the request, with the objective of finding mutually acceptable solutions. If consultations are not taking place in the Joint Committee, it should be informed thereof. In case of perishable

goods, consultations between the competent authorities shall be held without undue delay. Such consultations may be conducted by any agreed method.²

5. Upon request by a Party, the Parties shall jointly review this Article with a view to extending treatment granted to the European Union with whom all Parties have established arrangements concerning sanitary and phytosanitary regulations, to the Parties of this Agreement.

ARTICLE 2.12

Technical Regulations

1. Except as otherwise provided for in this Article, the WTO Agreement on Technical Barriers to Trade (TBT Agreement) shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

2. The Parties shall exchange names and addresses of contact points with expertise on technical regulations in order to facilitate communication and the exchange of information.

3. Consultations shall be held at the request of a Party which considers that another Party has taken a measure which is likely to create, or has created, an obstacle to trade. Such consultations shall take place within 40 days from the receipt of the request with the objective of finding mutually acceptable solutions. If consultations are held outside the framework of the Joint Committee, it should be informed thereof. Such consultations may be conducted by any agreed method³.

4. The rights and obligations of the Parties related to the mutual recognition of conformity assessment of products are set out in Annex V (Mutual Recognition of Results of Conformity Assessment of Products).

ARTICLE 2.13

Trade Facilitation

Provisions related to trade facilitation are set out in Annex VI (Trade Facilitation).

² It is understood that consultations pursuant to this paragraph shall be without prejudice to the rights and obligations of the Parties under Chapter 9 (Dispute Settlement) or under the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes.

³ It is understood that consultations pursuant to this paragraph shall be without prejudice to the rights and obligations of the Parties under Chapter 9 (Dispute Settlement) or under the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes.

ARTICLE 2.14

Mutual Administrative Assistance in Customs Matters

Provisions related to mutual administrative assistance in customs matters are set out in Annex VII (Mutual Administrative Assistance in Customs Matters).

ARTICLE 2.15

Sub-Committee on Customs Matters

A Sub-Committee on Customs Matters is hereby established and its mandate is set out in Annex VIII (Mandate of the Sub-Committee on Customs Matters).

ARTICLE 2.16

State Trading Enterprises

With respect to the rights and obligations of the Parties concerning state trading enterprises, Article XVII of the GATT 1994 and the Understanding on the Interpretation of Article XVII of the GATT 1994 shall apply and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.17

Subsidies and Countervailing Measures

1. The rights and obligations of the Parties relating to subsidies and countervailing measures shall be governed by Articles VI and XVI of the GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures, except as provided for in paragraph 2.
2. Before a Party initiates an investigation to determine the existence, degree and effect of any alleged subsidy in another Party, as provided for in Article 11 of the WTO Agreement on Subsidies and Countervailing Measures, the Party considering initiating an investigation shall notify in writing the Party whose goods are subject to such investigation, afford reasonable opportunity for consultations in accordance with Article 13 of the WTO Agreement on Subsidies and Countervailing Measures, and allow for a 45 days period with a view to finding a mutually acceptable solution. The consultations shall take place in the Joint Committee if a Party so requests. This 45 days period should not prevent the authorities of a Party from proceeding expeditiously with regard to initiating an investigation.

ARTICLE 2.18

Anti-dumping

1. The rights and obligations of the Parties relating to anti-dumping investigations and measures shall be governed by Article VI of the GATT 1994 and the Agreement on Implementation of Article VI of the GATT 1994 (WTO Anti-dumping Agreement), except as provided for in this Article.
2. The Parties shall endeavour to refrain from initiating anti-dumping procedures under Article VI of the GATT 1994 and the WTO Anti-dumping Agreement against each other.
3. When a Party receives a properly documented application and before initiating an investigation under the WTO Anti-dumping Agreement, the Party shall notify in writing the Party whose goods are allegedly being dumped.
4. If a Party decides to impose an anti-dumping duty, the Party is encouraged to apply the “lesser duty” rule by determining a duty which is less than the dumping margin, provided that such lesser duty would be adequate to remove the injury to the domestic industry.
5. The Parties shall exchange views about the application of this Article and its effects on trade between the Parties at the meetings of the Joint Committee.

ARTICLE 2.19

Global Safeguard Measures

1. The rights and obligations of the Parties with respect to global safeguards shall be governed by Article XIX of the GATT 1994 and the WTO Agreement on Safeguards.
2. Upon initiation of an investigation in accordance with paragraph 1 that may affect another Party, the investigating Party shall notify that Party and afford reasonable opportunity for consultations. The consultations shall take place in the Joint Committee, if a Party so requests.

ARTICLE 2.20

General Exceptions

With respect to the rights and obligations of the Parties concerning general exceptions, Article XX of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.21

Security Exceptions

With respect to the rights and obligations of the Parties concerning security exceptions, Article XXI of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 2.22

Balance-of-Payments

1. A Party in serious balance of payments difficulties, or under imminent threat thereof, may, in accordance with the conditions established under the GATT 1994, adopt trade restrictive measures, which shall be of limited duration and non-discriminatory, and may not go beyond what is necessary to remedy the balance of payments situation.
2. The Party introducing a measure under this Article shall promptly notify the other Parties thereof.