

The Parties shall also participate in the political dialogue in the larger ACP/EU framework, as foreseen and laid down in relevant ACP/EC Treaties.

TITLE II

Trade

SECTION A

General

Article 5

Free-Trade Area

1. The Community and South Africa agree to establish a Free Trade Area (FTA) in accordance with the provisions of this Agreement and in conformity with those of the WTO.
2. The FTA will be established over a transitional period lasting, on the South African side, a maximum of 12 years and, on the Community side, a maximum of 10 years starting from the entry into force of the Agreement.
3. The FTA covers the free movement of goods in all sectors. This Agreement will also cover the liberalisation of trade in services and the free movement of capital.

Article 6

Classification of Goods

On the Community side, the combined nomenclature of goods shall apply to the classification of goods imported from South Africa. On the South African side, the harmonised system shall apply to the classification of goods imported from the Community.

Article 7

Basic Duty

1. For each product, the basic duty to which the successive reductions set out in the Agreement are to be applied shall be that effectively applied on the day of entry into force of the Agreement.
2. The Community and South Africa shall communicate to each other their respective basic duties, in accordance with the standstill and rollback commitment agreed between the Parties, and the agreed derogations to these principles, as set out in Annex I.
3. In cases where the process of tariff dismantlement does not start at the entry into force of the Agreement (notably the products listed in Annex II, lists 3, 4 and 5; Annex III, lists 2, 3, 4 and 6; Annex IV, lists 3, 4, 7 and 8; Annex V; Annex VI, lists 2, 3 and 5; Annex VII) the duty to which successive reductions set out in the Agreement are to be applied shall be either the basic duty referred to in paragraph 1 of this Article, or the

duty applied on an erga omnes basis on the starting day of the relevant tariff dismantlement schedule, whichever is the lower.

Article 8

Customs Duties of a Fiscal Nature

The provisions concerning the abolition of customs duties on imports shall also apply to customs duties of a fiscal nature, with the exception of non-discriminatory excise duties levied on both imported and locally-produced goods which are in accordance with the provisions of Article 21.

Article 9

Charges Having an Equivalent Effect to Customs Duties

The Community and South Africa shall abolish in their respective imports any charge having an effect equivalent to customs duties on imports on entry into force of the Agreement.

SECTION B

Industrial Products

Article 10

Definition

The provisions of this section apply to products originating in the Community and South Africa with the exception of the products covered by the definition of agricultural products under this Agreement.

Article 11

Tariff Elimination by the Community

1. Customs duties applicable on import into the Community of industrial products originating in South Africa other than those listed in Annex II shall be abolished on the entry into force of this Agreement.
2. Customs duties applicable on import into the Community of products originating in South Africa listed in Annex II, list 1 shall be progressively abolished in accordance with the following schedule:
 - on the date of entry into force of this Agreement each duty shall be reduced to 75 per cent of the basic duty;
 - one year after the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty;
 - two years after the date of entry into force of this Agreement each duty shall be reduced to 25 per cent of the basic duty;
 - three years after the date of entry into force of this Agreement the remaining duties shall be abolished.

3. Customs duties applicable on import into the Community of products originating in South Africa listed in Annex II, list 2 shall be progressively abolished in accordance with the following schedule:

- on the date of entry into force of this Agreement each duty shall be reduced to 86 per cent of the basic duty;
- one year after the date of entry into force of this Agreement each duty shall be reduced to 72 per cent of the basic duty;
- two years after the date of entry into force of this Agreement each duty shall be reduced to 57 per cent of the basic duty;
- three years after the date of entry into force of this Agreement each duty shall be reduced to 43 per cent of the basic duty;
- four years after the date of entry into force of this Agreement each duty shall be reduced to 28 per cent of the basic duty;
- five years after the date of entry into force of this Agreement each duty shall be reduced to 14 per cent of the basic duty;
- six years after the date of entry into force of this Agreement the remaining duties shall be abolished.

4. Customs duties applicable on import into the Community of products originating in South Africa listed in Annex II, list 3 shall be progressively abolished in accordance with the following schedule:

- three years after the date of entry into force of this Agreement each duty shall be reduced to 75 per cent of the basic duty;
- four years after the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty;
- five years after the date of entry into force of this Agreement each duty shall be reduced to 25 per cent of the basic duty;
- six years after the date of entry into force of this Agreement the remaining duties shall be abolished.

For a number of products indicated in this list, tariff elimination will start four years after the date of entry into force of this Agreement. Tariff elimination of these products will take place in three equal annual reductions, to be concluded six years after the date of entry into force of the Agreement.

For a certain number of steel products indicated in this list, tariff reduction will be realised on a MFN basis, to arrive at a zero duty in the year 2004.

5. Customs duties applicable on import into the Community of products originating in South Africa listed in Annex II, list 4 shall be abolished within a maximum of 10 years after the date of entry into force of the Agreement.

For motor-car components indicated in this list, the applied tariff will be reduced by 50 per cent as from the entry into force of the Agreement.

The precise Community basic duties and tariff elimination schedule for the products on this list will be established in the second six months of the year 2000, after both parties have examined the prospects for a further liberalisation of South African imports of automotive products from the Community mentioned in Annex III, lists 5 and 6, in the light of, inter alia, the outcome of the South African motor industry development programme review.

6. Customs duties applicable on import into the Community of products originating in South Africa listed in Annex II, list 5 shall be reviewed in the fifth year of this Agreement in view of a possible elimination of tariffs.

Article 12

Tariff Elimination by South Africa

1. Customs duties applicable on import into South Africa of industrial products originating in the Community other than those listed in Annex III shall be abolished upon the entry into force of this Agreement.

2. Customs duties applicable on import into South Africa of products originating in the Community listed in Annex III, list 1 shall be progressively abolished in accordance with the following schedule:

- on the date of entry into force of this Agreement each duty shall be reduced to 75 per cent of the basic duty;
- one year after the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty;
- two years after the date of entry into force of this Agreement each duty shall be reduced to 25 per cent of the basic duty;
- three years after the date of entry into force of this Agreement the remaining duties shall be abolished.

3. Customs duties applicable on import into South Africa of products originating in the Community listed in Annex III, list 2 shall be progressively abolished in accordance with the following schedule:

- three years after the date of entry into force of this Agreement each duty shall be reduced to 67 per cent of the basic duty;
- four years after the date of entry into force of this Agreement each duty shall be reduced to 33 per cent of the basic duty;
- five years after the date of entry into force of this Agreement the remaining duties shall be abolished.

4. Customs duties applicable on import into South Africa of products originating in the Community listed in Annex III, list 3 shall be progressively abolished in accordance with the following schedule:

- three years after the date of entry into force of this Agreement each duty shall be reduced to 90 per cent of the basic duty;
- four years after the date of entry into force of this Agreement each duty shall be reduced to 80 per cent of the basic duty;
- five years after the date of entry into force of this Agreement each duty shall be reduced to 70 per cent of the basic duty;
- six years after the date of entry into force of this Agreement each duty shall be reduced to 60 per cent of the basic duty;
- seven years after the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty;
- eight years after the date of entry into force of this Agreement each duty shall be reduced to 40 per cent of the basic duty;

- nine years after the date of entry into force of this Agreement each duty shall be reduced to 30 per cent of the basic duty;
- ten years after the date of entry into force of this Agreement each duty shall be reduced to 20 per cent of the basic duty;
- 11 years after the date of entry into force of this Agreement each duty shall be reduced to 10 per cent of the basic duty;
- 12 years after the date of entry into force of this Agreement the remaining duties shall be abolished.

5. Customs duties applicable on import into South Africa of products originating in the Community listed in Annex III, list 4 shall be progressively abolished in accordance with the following schedule:

- five years after the date of entry into force of this Agreement each duty shall be reduced to 88 per cent of the basic duty;
- six years after the date of entry into force of this Agreement each duty shall be reduced to 75 per cent of the basic duty;
- seven years after the date of entry into force of this Agreement each duty shall be reduced to 63 per cent of the basic duty;
- eight years after the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty;
- nine years after the date of entry into force of this Agreement each duty shall be reduced to 38 per cent of the basic duty;
- ten years after the date of entry into force of this Agreement each duty shall be reduced to 25 per cent of the basic duty;
- 11 years after the date of entry into force of this Agreement each duty shall be reduced to 13 per cent of the basic duty;
- 12 years after the date of entry into force of this Agreement the remaining duties shall be abolished.

6. Customs duties applicable on import into South Africa of products originating in the Community listed in Annex III, list 5 shall be progressively reduced according to the schedule included in that Annex.

7. Customs duties applicable on import into South Africa of products originating in the Community listed in Annex III, list 6 shall be periodically reviewed in the course of the operation of the Agreement in view of the further liberalisation of trade.

South Africa will inform the Community about the outcome of the South African motor industry development programme review. It will present proposals for a further liberalisation of South African imports of automotive products from the Community mentioned in Annex III, lists 5 and 6. The Parties will jointly examine these proposals in the second six months of the year 2000.

SECTION C

Agricultural Products

Article 13

Definition

The provisions of this section apply to products originating in the Community and South Africa covered by the WTO definition of agricultural products as well as fish and fisheries products (Chapter 3, 1604, 1605 and products 0511 91 10, 0511 91 90, 190220 10 and 2301 20 00).

Article 14

Tariff Elimination by the Community

1. Customs duties applicable on import into the Community of agricultural products originating in South Africa other than those listed in Annex IV shall be abolished on the entry into force of this Agreement.

2. Customs duties applicable on import into the Community of products originating in South Africa listed in Annex IV, list 1 shall be progressively abolished in accordance with the following schedule:

- on the date of entry into force of this Agreement each duty shall be reduced to 75 per cent of the basic duty;
- one year after the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty;
- two years after the date of entry into force of this Agreement each duty shall be reduced to 25 per cent of the basic duty;
- three years after the date of entry into force of this Agreement the remaining duties shall be abolished.

3. Customs duties applicable on import into the Community of products originating in South Africa listed in Annex IV, list 2 shall be progressively abolished in accordance with the following schedule:

- on the date of entry into force of this Agreement each duty shall be reduced to 91 per cent of the basic duty;
- one year after the date of entry into force of this Agreement each duty shall be reduced to 82 per cent of the basic duty;
- two years after the date of entry into force of this Agreement each duty shall be reduced to 73 per cent of the basic duty;
- three years after the date of entry into force of this Agreement each duty shall be reduced to 64 per cent of the basic duty;
- four years after the date of entry into force of this Agreement each duty shall be reduced to 55 per cent of the basic duty;
- five years after the date of entry into force of this Agreement each duty shall be reduced to 45 per cent of the basic duty;
- six years after the date of entry into force of this Agreement each duty shall be reduced to 36 per cent of the basic duty;
- seven years after the date of entry into force of this Agreement each duty shall be reduced to 27 per cent of the basic duty;
- eight years after the date of entry into force of this Agreement each duty shall be reduced to 18 per cent of the basic duty;
- nine years after the date of entry into force of this Agreement each duty shall be reduced to 9 per cent of the basic duty;

- ten years after the date of entry into force of this Agreement the remaining duties shall be abolished.

4. Customs duties applicable on import into the Community of products originating in South Africa listed in Annex IV, list 3 shall be progressively abolished in accordance with the following schedule:

- three years after the date of entry into force of this Agreement each duty shall be reduced to 87 per cent of the basic duty;
- four years after the date of entry into force of this Agreement each duty shall be reduced to 75 per cent of the basic duty;
- five years after the date of entry into force of this Agreement each duty shall be reduced to 62 per cent of the basic duty;
- six years after the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty;
- seven years after the date of entry into force of this Agreement each duty shall be reduced to 37 per cent of the basic duty;
- eight years after the date of entry into force of this Agreement each duty shall be reduced to 25 per cent of the basic duty;
- nine years after the date of entry into force of this Agreement each duty shall be reduced to 12 per cent of the basic duty;
- ten years after the date of entry into force of this Agreement the remaining duties shall be abolished.

For certain products referred to in this Annex a duty free quota shall apply, in accordance with the conditions there mentioned, as from entry into force of the Agreement until the end of the tariff phase down for these products.

5. Customs duties applicable on import into the Community of products originating in South Africa listed in Annex IV, list 4 shall be progressively abolished in accordance with the following schedule:

- five years after the date of entry into force of this Agreement each duty and charge shall be reduced to 83 per cent of the basic duty;
- six years after the date of entry into force of this Agreement each duty and charge shall be reduced to 67 per cent of the basic duty;
- seven years after the date of entry into force of this Agreement each duty and charge shall be reduced to 50 per cent of the basic duty;
- eight years after the date of entry into force of this Agreement each duty and charge shall be reduced to 33 per cent of the basic duty;
- nine years after the date of entry into force of this Agreement each duty and charge shall be reduced to 17 per cent of the basic duty;
- ten years after the date of entry into force of this Agreement the remaining duties shall be abolished.

For certain products referred to in this Annex a duty free quota shall apply, in accordance with the conditions there mentioned, as from entry into force of the Agreement until the end of the tariff phase-down for these products.

6. Customs duties applicable to processed agricultural products imported into the Community and originating in South Africa are listed in Annex IV, list 5 and shall be applied in accordance with the conditions mentioned therein.

The Cooperation Council may decide on:

- (a) the extension of the list of processed agricultural products under Annex IV, list 5, and
- (b) the reduction of the duties applying to processed agricultural products. This reduction of duties may take place when in trade between the Community and South Africa the duties applying to basic products are reduced or, in response to reductions resulting from the mutual concessions relating to processed agricultural products.

7. Reduced customs duties applicable to certain agricultural products imported into the Community and originating in South Africa are listed in Annex IV, list 6, and shall be applied as from entry into force of this Agreement and in accordance with the conditions mentioned in this Annex.

8. Customs duties applicable on import into the European Community of products originating in the Republic of South Africa listed in Annex IV, list 7 shall be reviewed periodically in the course of the operation of the Agreement on the basis of future developments in the common agricultural policy.

9. Tariff concessions on products listed in Annex IV, list 8 are not applicable as these products are covered by protected EU denominations.

10. Tariff concessions applicable on import into the Community of products originating in South Africa listed in Annex V shall be applied in accordance with the conditions mentioned therein.

Article 15

Tariff Elimination by South Africa

1. Customs duties applicable on import into South Africa of agricultural products originating in the Community other than those listed in Annex VI shall be abolished on the entry into force of this Agreement.

2. Customs duties applicable on import into South Africa of products originating in the Community listed in Annex VI, list 1 shall be progressively abolished in accordance with the following schedule:

- on the date of entry into force of this Agreement each duty shall be reduced to 75 per cent of the basic duty;
- one year after the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty;
- two years after the date of entry into force of this Agreement each duty shall be reduced to 25 per cent of the basic duty;
- three years after the date of entry into force of this Agreement the remaining duties shall be abolished.

3. Customs duties applicable on import into South Africa of products originating in the Community listed in Annex VI, list 2 shall be progressively abolished in accordance with the following schedule:

- three years after the date of entry into force of this Agreement each duty shall be reduced to 67 per cent of the basic duty;
- four years after the date of entry into force of this Agreement each duty shall be reduced to 33 per cent of the basic duty;
- five years after the date of entry into force of this Agreement the remaining duties shall be abolished.

4. Customs duties applicable on import into South Africa of products originating in the Community listed in Annex VI, list 3 shall be progressively abolished in accordance with the following schedule:

- five years after the date of entry into force of this Agreement each duty shall be reduced to 88 per cent of the basic duty;
- six years after the date of entry into force of this Agreement each duty shall be reduced to 75 per cent of the basic duty;
- seven years after the date of entry into force of this Agreement each duty shall be reduced to 63 per cent of the basic duty;
- eight years after the date of entry into force of this Agreement each duty shall be reduced to 50 per cent of the basic duty;
- nine years after the date of entry into force of this Agreement each duty shall be reduced to 38 per cent of the basic duty;
- ten years after the date of entry into force of this Agreement each duty shall be reduced to 25 per cent of the basic duty;
- 11 years after the date of entry into force of this Agreement each duty shall be reduced to 13 per cent of the basic duty;
- 12 years after the date of entry into force of this Agreement the remaining duties shall be abolished.

For certain products indicated in this Annex a duty free quota shall apply, in accordance with the conditions there mentioned, as from entry into force of the Agreement until the end of the tariff phase down for these products.

5. Customs duties applicable on import into South Africa of products originating in the Community listed in Annex VI, list 4 shall be reviewed periodically in the course of the operation of the Agreement.

6. Customs duties applicable on import into South Africa of fisheries products originating in the Community listed in Annex VII shall be progressively abolished in parallel with the elimination of customs duties of the corresponding tariff positions by the Community.

Article 16

Agricultural Safeguard

Notwithstanding other provisions of this Agreement and in particular Article 24, if, given the particular sensitivity of the agricultural markets, imports of products originating in one Party cause or threaten to cause a serious disturbance to the markets in the other Party, the Cooperation Council shall immediately consider the matter to find an appropriate solution. Pending a decision by the Cooperation Council, and where exceptional circumstances require immediate action, the affected Party may take provisional measures necessary to limit or redress the disturbance. In taking such

provisional measures, the affected Party shall take into account the interests of both Parties.

Article 17

Accelerated Tariff Elimination by South Africa

1. If requested by South Africa, the Community shall consider proposals relating to an accelerated timetable for tariff elimination for imports of agricultural products into South Africa, coupled with the elimination of all export refunds for exports to South Africa of the same products originating in the European Community.

2. If the Community replies positively to this request, the new timetables for tariff elimination and elimination of export refunds shall simultaneously apply as of a date to be agreed by the two Parties.

3. In case of a negative response from the Community, the provisions of this Agreement on tariff elimination shall continue to be applicable.

Article 18

Review Clause

No later than five years after the entry into force of this Agreement, the Community and South Africa shall consider further steps in the process of liberalisation of their reciprocal trade. For this purpose, a review shall be undertaken of, in particular but not exclusively, the customs duties applicable to products listed in Annex II, list 5, Annex III, lists 5 and 6, Annex IV, lists 5, 6 and 7, Annex V, lists 1, 2, 3 and 4, Annex VI, lists 4 and 5 and Annex VII.

TITLE III

Trade Related Issues

SECTION A

Common Provisions

Article 19

Border Measures

1. Quantitative restrictions on imports or exports and measures having equivalent effect on trade between South Africa and the Community shall be abolished on the entry into force of this Agreement.

2. No new quantitative restrictions on imports or exports or measures having equivalent effect shall be introduced in trade between the Community and South Africa.

3. No new customs duties on imports or exports or charges having equivalent effect shall be introduced, nor shall those already applied be increased, in the trade between the Community and South Africa from the date of entry into force of this Agreement.