

commodities, but to which the products of the Party State it self are not subject, whatever the designation of such dues or taxes may be.

This definition does not include levied against a specific service, such as demurrage, storing, transport, shipping or unloading.

- 4- Customs duties and other dues and taxes of similar effect are intended to mean those which are applied in both countries to commodities imported on 01.01.1998 within the coordinating system of custom tariff.
- 5- Non-Custom restraints: The existing measures or procedures or those which might be taken by the Party State for controlling import from the other Party. Such restraints include, in particular, import license and quantitative, monetary and administrative restraints by it on imports.
- 6- Commodities: These are the commodities of national origin, which realize additional value when their production is completed, of not less than 40%.

Article Two

Both Contracting Parties undertake to liberate the exchange of trade between themselves, in conformity with the provisions of this Agreement.

Article Three

This Agreement aims at the setting up of a free trade zone between both Contracting Parties, according to the following grounds:

- a- Customs duties and other dues and taxes of similar effect on the national commodities and products traded between the Contracting Parties, shall be reduced until full exemption is reached on 01.01.2003, according to the following schedule:

Years	Percentage of reduced Customs Duties and other dues and Taxes of similar effect
01.01.2001	50%
01.01.2002	80%
01.01.2003	100%

- b- Full and immediate cancellation of customs duties and other dues and taxes of similar effect on unprocessed agricultural and animal-based commodities, fishes and natural resources of national origin, which are traded between both Contracting Parties.
- c- Immediate cancellation of non-customs restraints between both Contracting Parties, if any, and non-imposition of any new restraints once the Agreement enters into force.