

- (iii) To contribute in this way, by the removal of barriers to trade in goods and services, to the harmonious development and expansion of bilateral as well as world trade,

ARTICLE II - DEFINITIONS

For the purpose of this Agreement:

1. "Tariffs" mean basic customs duties included in the national schedules of the Contracting Parties,

2. "Para tariffs" mean border charges and fees, other than "tariffs", on foreign trade transactions of a tariff-like effect which are levied solely on imports, but not those indirect taxes and charges, which are levied in the same manner on like domestic products. Import charges corresponding to specific services rendered are not considered as para-tariff measures,

3. "Non-tariff barriers" mean any measures, regulation, or practice, other than "tariffs" and "para-tariffs", the effect of which is to restrict imports, or to significantly distort trade within the Contracting Parties,

4. "Products" mean all products including manufactures and commodities in their raw, semi-processed and processed forms.

5. "Preferential Treatment" means any concession or privilege granted under this Agreement by a Contracting Party through the elimination of tariffs on the movement of goods and services,

6. "The Committee" means the Joint Committee referred to in Article XI,

7. "Serious Injury" means significant damage to domestic producers, of like or similar products, resulting from a substantial increase of preferential imports in situations which cause substantial losses in terms of earnings, production or employment unsustainable in the short term. The examination of the impact on the domestic industry concerned shall also include an evaluation of other relevant economic factors and indices having a bearing on the state of the domestic industry of that product,

8. "Threat of Serious Injury" means a situation in which a substantial increase of preferential imports is of a nature so as to cause "serious injury" to domestic products, and that such Injury, although not yet existing is clearly imminent. A determination of threat of serious injury shall be based on facts and not on mere allegation, conjecture, or remote or hypothetical possibility.

9. "Critical circumstances" mean the emergence of an exceptional situation where massive preferential imports are causing or threatening to cause "serious injury" difficult to repair and which calls for immediate action.

ARTICLE III - ELIMINATION OF TARIFFS, PARA TARIFFS AND NON-TARIFF BARRIERS

1. The Contracting Parties hereby agree to establish a Free Trade Area for the purpose of free movement of goods and services between their countries through elimination of tariffs on the movement of goods and services in accordance with the provisions of Annexes A & B which shall form an integral part of this Agreement.

2. The Contracting Parties further agree to eliminate from the date this Agreement enters into force, all non-tariff barriers, and any other equivalent measures on the movement of goods and services, other than those imposed in accordance with Article IV of this Agreement.

3. The Contracting Parties also agree not to make any increase in the existing para tariffs, if any, or introduce new or additional para tariffs, without mutual consent.

4. In the implementation of this Agreement the Contracting Parties shall pay due regard to the principle of reciprocity.

ARTICLE IV - GENERAL EXCEPTIONS

Nothing in this Agreement shall prevent a Contracting Party from taking action and adopting measures, which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic, and archaeological value, as is provided for in Article XX and XXI of the General Agreement on Tariff and Trade, 1994 and WTO Agreement on Application of Sanitary and Phytosanitary Measures.

ARTICLE V - NATIONAL TREATMENT

The Contracting Parties affirm their commitment to the principles enshrined in Article III of GATT 1994.

ARTICLE VI - STATE TRADING ENTERPRISES

1. Nothing in this Agreement shall be construed to prevent a Contracting Party from maintaining or establishing a state trading enterprise as understood in Article XVII of General Agreement on Tariff and Trade, 1994