

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

2. Each Contracting Party shall ensure that any state enterprise that it maintains or establishes acts in a manner that is not inconsistent with the obligations of that Contracting Party under this Agreement and accords nondiscriminatory treatment in the import from and export to the other Contracting Party.

ARTICLE VII - RULES OF ORIGIN

1. Products covered by the provisions of this Agreement shall be eligible for preferential treatment provided they satisfy the Rules of Origin as set out in Annex C to this Agreement which shall form an integral part of this Agreement.

2. For the development of specific sectors of the industry of either Contracting Party, lower value addition norms for the products manufactured or produced by those sectors may be considered through mutual negotiations.

ARTICLE VIII - SAFEGUARD MEASURES

1. If any product which is subject to preferential treatment under this Agreement is imported into the territory of a Contracting Party in such a manner or in such quantities as to cause or threaten to cause serious injury in the territory of that Contracting Party, such Contracting Party may, with prior consultations with the other Contracting Party, except in critical circumstances, suspend provisionally without discrimination, the preferential treatment accorded to that product under the Agreement.

2. When action has been taken by either Contracting Party in terms of paragraph 1 of this Article, it shall simultaneously notify the other Contracting Party and the Joint Committee established in terms of Article XI. The Committee shall enter into consultations with the Contracting Parties and endeavour to reach mutually acceptable agreement to remedy the situation. If the consultations fail to resolve the issue within sixty days, the Contracting Party affected by such action shall have the right to withdraw the equivalent preferential treatment in accordance with the WTO Agreement on Safeguards.

ARTICLE IX - DOMESTIC LEGISLATION

The Contracting Parties shall be free to apply their domestic legislation to restrict imports in cases where prices are influenced by unfair trade practices like subsidies or dumping. Subsidies and dumping shall be understood to have the same meaning as in the General Agreement on Tariff and Trade 1994 and the relevant WTO Agreements.