

1. The Parties shall gradually establish, during a transitional period ending at the latest on 1 January 2001, a free-trade area in accordance with the provisions of the present Agreement and in conformity with those of the General Agreement on Tariffs and Trade 1994, in particular Article XXIV of the GATT, and the Agreement Establishing the World Trade Organization.

2. The objectives of the present Agreement are:

(a) to promote, through the expansion of trade, the harmonious development of economic relations between the Parties and thus to foster the advance of their economic activity, the improvement of living and employment conditions, and increase of the productivity and financial stability;

(b) to provide fair conditions of competition in trade between the Parties;

(c) to contribute in this way, by removal of barriers to trade, to the harmonious development and expansion of the world trade.

CHAPTER I

Industrial Products

Article 2

Scope

Provisions of this Chapter shall apply to industrial products originating in the Parties. For the purpose of this Agreement "industrial products" mean products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System, with the exception of the products listed in Annex I.

Article 3

Basic duties

1. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the Most favoured Nation rate of duty applicable on 1 January 1996.

2. If, after entry into force of the Agreement, any tariff reduction is applied on an erga omnes basis, in particular reductions resulting from the tariff agreement concluded as a result of the Uruguay Round of multilateral trade negotiations, such reduced duties shall replace the basic duties referred to in paragraph 1 as from the date when such reductions are applied.

3. The reduced duties, calculated in accordance with paragraph 2, shall be applied rounded to the first decimal place.

4. The Parties shall communicate to each other their respective customs duties.

Article 4

Customs duties on imports

1. No new customs duties on imports shall be introduced, nor shall those already applied be increased, in trade between the Parties as from the entry into force of this Agreement.

2. Customs duties on imports for products originating in the Parties shall be abolished in accordance with the provisions laid down in Protocol 1.

Article 5

Charges equivalent to import duties

1. No new charges having an effect equivalent to customs duties on imports shall be introduced in trade between the Parties as from the entry into force of this Agreement.

2. All charges having an effect equivalent to customs duties on imports shall be abolished on the date of the entry into force of this Agreement.

Article 6

Fiscal duties

The provisions of Article 4 shall also apply to customs duties of a fiscal nature.

Article 7

Customs duties on exports and charges having equivalent effect

No customs duties on exports or charges having equivalent effect shall be applied in trade between the Parties as from the entry into force of this Agreement.

Article 8

Quantitative restrictions on imports and measures having equivalent effect

1. No new quantitative restrictions on imports or measures having equivalent effect shall be introduced in trade between the Parties as from the entry into force of this Agreement.

2. All quantitative restrictions and measures having equivalent effect on imports of products originating in the Parties shall be abolished on the date of entry into force of this Agreement, except as provided for in Annex II.

Article 9

Quantitative restrictions on exports and measures having equivalent effect

1. No new quantitative restrictions on exports or measures having equivalent effect shall be introduced in trade between the Parties as from the entry into force of this Agreement.
2. All quantitative restrictions on exports from the Parties and measures having equivalent effect shall be abolished on the date of the entry into force of the Agreement, except as provided for in Annex III.

Article 10

Information procedure on draft technical regulations

1. The Parties shall notify each other, at the earliest practicable stage and in accordance with the provisions laid down in Annex IV, of draft technical regulations and draft amendments thereto, which they intend to issue.
2. The Joint Committee shall decide on the date of implementing the provisions of paragraph 1.

CHAPTER II

Agricultural Products

Article 11

Scope

1. Provisions of this Chapter shall apply to agricultural products originating in the Parties to this Agreement.
2. For the purpose of this Agreement "agricultural products" mean products falling within Chapter 1 to 24 of the Harmonized Commodity Description and Coding System and the products listed in Annex I.

Article 12

Exchange of concessions

1. The Parties to this Agreement grant each other concessions specified in Protocol 2 in accordance with the provisions of this Chapter and those laid down in this Protocol.
2. Taking account of: