

CHAPTER I GENERAL PRINCIPLES

Article 1 Objectives

1. The Parties, by taking into account Turkey's obligations arising from the Customs Union with the European Community and the Cooperation Agreement between the Syrian Arab Republic and the European Economic Community, shall gradually establish a free trade area on substantially all their trade over a transitional period lasting a maximum of 12 years starting from the entry into force of this Agreement in conformity with the provisions of this Agreement and in conformity with Article XXIV of the GATT 1994 and the other multilateral agreements annexed to the Agreement establishing the WTO.
2. The objectives of this Agreement are:
 - a) to increase and enhance the economic co-operation and to raise the living standards of people in both countries;
 - b) to gradually eliminate difficulties and restrictions on trade in goods, including agricultural products;
 - c) to promote, through the expansion of reciprocal trade, the harmonious development of the economic relations between the Parties;
 - d) to provide fair conditions of competition in trade between the Parties;
 - e) to contribute by the removal of barriers to trade, to the harmonious development and expansion of world trade;
 - f) to create conditions for further encouragement of investments particularly for the development of joint investments in both countries;
 - g) to promote trade and co-operation between the Parties in third country markets.

CHAPTER II FREE MOVEMENT OF GOODS

INDUSTRIAL PRODUCTS

Article 2 Scope

The provisions of this Chapter shall apply to products originating in the territory of each Party falling within Chapters 25 to 97 of the Harmonised Commodity Description and Coding System with the exception of the products listed in **Annex I** of this Agreement.

Article 3

Abolition of Customs Duties on Imports and Charges Having Equivalent Effect

1. Customs duties and charges having equivalent effect applicable on imports into Turkey to products originating in Syria shall be abolished on the date of entry into force of this Agreement.
2. Customs duties and charges having equivalent effect applicable on imports into Syria to products originating in Turkey shall be submitted to a linear dismantling to zero according to the following scheme and schedule:
 - a) All duties at 1%, 1,5%, 1.7%, 3% and 3,5% listed in **Annex II** shall be abolished at the date of the entry into force of this Agreement.
 - b) Except for products covered by paragraphs g and h, all duties at 5% and 7% listed in **Annex II** shall be abolished in three years after the date of the entry into force of this Agreement.
 - c) Except for products covered by paragraphs g and h, all duties at 10%, 11,75% and 14,5% listed in **Annex II** shall be abolished in six years after the date of the entry into force of this Agreement.
 - d) Except for products covered by paragraphs g and h, all duties at 20% and 23,5% listed in **Annex II** shall be abolished in nine years after the date of the entry into force of this Agreement.
 - e) Except for products covered by paragraphs g and h, all duties at 29%, 35% and 47% listed in **Annex II** shall be abolished in twelve years after the date of the entry into force of this Agreement.
 - f) Except for products 8703.23.91 and 8703.23.92, all duties above 50% listed in **Annex II** shall be brought down to 50% at the entry into force of this Agreement and shall be abolished in twelve years after the date of the entry into force of this Agreement.
 - g) For products covered by the Annex of the Ministerial Declaration on Trade in Information Technology Products signed in Singapore on 13 December 1996 (Information Technology Agreement of the World Trade Organisation), all duties listed in **Annex II** shall be abolished at the date of the entry into force of this Agreement.
 - h) For products of the categories HS 28, 29, 30, 31, 35, 36, 37 and 38, all duties listed in **Annex II** shall be abolished at the date of the entry into force of this Agreement.
 - i) For product 8703.23.91 as specified in **Annex II**, the duty shall be brought down in a linear manner from 145% to 65% in three years after the entry into force of this Agreement, and then be abolished in the nine remaining years of the transition period.

- j) For product 8703.23.92 as specified in **Annex II**, the duty shall be brought down in a linear manner from 255% to 150% in three years after the entry into force of this Agreement, and then be abolished in the nine remaining years of the transition period.
3. In the event of serious difficulties for a given product, the schedule applicable under paragraph (2) above may be reviewed by the Association Committee by common accord on the understanding that the schedule may not be extended in respect of the product concerned beyond the maximum transitional period of 12 years. If the Association Committee has not taken a decision within thirty days of an application by Syria to review the schedule for a given product, Syria may suspend the concerned schedule provisionally for a period that may not exceed one year.

Article 4

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.

Article 5

Structural Adjustment

1. Exceptional measures of limited duration that derogate from the provisions of Article 3 may be taken by Syria in the form of an increase or reintroduction of customs duties during the transition period.
- a) These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce major social problems.
 - b) Customs duties applicable on imports into Syria of products originating in Turkey introduced by these measures may not exceed 25% *ad valorem* and shall maintain an element of preference for products originating in Turkey. The total yearly average value of imports of the products that are subject to these measures may not exceed 20% of the total yearly average value of imports of industrial products originating in Turkey during the last three years for which statistics are available.
 - c) These measures shall be applied for a period not exceeding five years unless a longer duration is authorised by the Association Council. They shall cease to apply at the latest on the expiration of the maximum transitional period of twelve years.
 - d) No such measures may be introduced in respect of a product if more than three years have elapsed since the elimination of all duties and quantitative restrictions or charges or measures having equivalent effect concerning that product.

- e) Syria shall inform the Association Council of any exceptional measures it intends to take. Within thirty days after this notification, Turkey may request consultations on such measures and the sectors to which they apply before they are implemented. When taking such measures, Syria shall provide the Council with a timetable for the elimination of the customs duties introduced under this Article. This timetable shall provide for a phasing out of these duties in equal annual instalments starting at the latest two years after their introduction. The Association Council may decide on a different timetable.
2. By way of derogation from the sub-paragraph c) of the paragraph 1, the Association Council may exceptionally, in order to take account of the difficulties involved in setting up a new industry, authorise Syria to maintain the measures already taken pursuant to paragraph 1 for a maximum period of three years beyond the twelve years transitional period.

BASIC AND PROCESSED AGRICULTURAL PRODUCTS AND FISHERIES

Article 6 Scope

1. The provisions of this chapter shall apply to basic and processed agricultural products and fisheries originating in the territory of each Party.
2. The term "basic and processed agricultural products and fisheries" means, for the purpose of this Agreement, the products falling within Chapters 01 to 24 of the Harmonised Commodity Description and Coding System and the products listed in **Annex I** of this Agreement.
3. Taking into account the role of agriculture in their respective economies, the development of trade in agricultural products, the high sensitivity of agricultural products and the rules of their respective agricultural policy, the Parties shall examine in the Association Committee the possibilities of granting further concessions to each other in trade in agricultural products.

Article 7 Exchange of Concessions

The Parties shall mutually grant concessions set forth in **Protocol I** in accordance with the provisions of this Chapter.

Article 8 Sanitary and Phytosanitary Measures

1. The Parties shall co-operate in the area of sanitary and phytosanitary measures (SPS) with the objective of facilitating trade. The Parties will be bound by the principles set out in the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, when applying SPS-measures.

2. On request, the Parties shall identify and address problems that may arise from the application of specific SPS-measures with a view to reaching mutually acceptable solutions.

Article 9 **Specific Safeguards on Agricultural Products**

1. Notwithstanding other provisions of this Agreement and in particular Article 22, if imports of products originating in the territory of either Party, which are subject to concessions granted under this Agreement, cause serious disturbance to their markets or domestic regulatory mechanisms, both Parties shall enter into consultations immediately to find an appropriate solution. Pending such solution, the Party concerned may take the measures it deems necessary, in accordance with the relevant WTO rules.
2. In the selection of appropriate measures, priority must be given to those least disturbing the functioning of this Agreement. The safeguard measures shall be notified immediately to the Association Committee and shall be subject to periodic consultations within that Committee, particularly with a view to their abolition as soon as circumstances permit.

COMMON PROVISIONS

Article 10 **Classification of Goods**

The Parties shall apply their respective Customs Tariffs on the classification of goods in their bilateral trade covered by this Agreement.

Article 11 **Basic Duties**

1. For each product, the basic customs duty to which the tariff elimination and successive reduction provisions are to be applied shall be:
 - a) the actual applied rates that are prevailing in Turkey on the day of entry into force of this Agreement;
 - b) the Syrian tariff set out in **Annex II**.
2. Any favourable treatment that may be accorded by Syria to the European Union shall automatically be extended to Turkey.
3. Syria shall also ensure that any rearrangement of the Syrian tariff is not to bring about increases in the basic duties as a whole set out in Annex II.

4. If following the entry into force of this Agreement, any tariff reduction is applied on an erga omnes basis; in particular, reductions resulting from the tariff negotiations in the WTO, such reduced duties shall replace the basic duties referred to in paragraph 1 as from that date when such reductions are applied.
5. The Parties shall communicate to each other their respective applied rates on the day of conclusion of the negotiations.

Article 12

Customs Duties on Imports or Exports and Charges Having Equivalent Effect

1. No new customs duties on imports or any other charge having equivalent effect shall be introduced in trade between the Parties.
2. All customs duties on exports and any charges having equivalent effect shall be abolished between the Parties upon entry into force of this Agreement.
3. No new customs duties on exports or any other charges having equivalent effect shall be introduced in trade between the Parties.

Article 13

Quantitative Restrictions and Prohibitions on Imports or Exports and Measures Having Equivalent Effect

1. All quantitative restrictions and prohibitions on imports or exports and measures having equivalent effect shall be abolished between the Parties upon the date of entry into force of this Agreement.
2. From the date of the entry into force of this Agreement no new quantitative restriction or prohibition on imports or exports and measure having equivalent effect shall be introduced.

Article 14

Internal Taxation

1. The Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products of one Party and like products originating in the other Party.
2. Products exported to the territory of the Parties may not benefit from repayment of internal taxes in excess of the amount of direct or indirect taxes imposed on them.

Article 15
Customs Unions, Free Trade Areas, Frontier Trade and Other Preferential Agreements

1. The Agreement shall not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade, except in so far as they alter the trade arrangements provided for in the Agreement.
2. Consultations between Turkey and Syria shall take place within the Association Council concerning agreements establishing customs unions or free trade areas and, where appropriate, on other major issues related to their respective trade policy with third countries.

Article 16
Dumping and Subsidies

1. If either of the Parties finds that dumping, within the meaning of Article VI of the GATT 1994, is taking place in trade governed by this Agreement, it may take appropriate measures against this practice in accordance with the WTO Agreement on Implementation of Article VI of the GATT 1994.
2. If either of the Parties finds that subsidisation, within the meaning of Articles VI and XVI of GATT 1994, is taking place in trade governed by this Agreement, it may invoke appropriate measures against this practice in accordance with the WTO Agreement on Subsidies and Countervailing Measures.
3. Notwithstanding the provisions of the Paragraph 1 and 2 of this Article, the procedures laid down in Article 22 shall apply with regard to the measures taken by any Party.

Article 17
Emergency Action on Imports of Particular Products

1. The provisions of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards are applicable between the Parties, as regards concessions granted under this Agreement.
2. Notwithstanding the provisions of Paragraph 1 of this Article, the procedures laid down in Article 22 shall apply with regard to the safeguard measures taken by any Party.

Article 18
Re-export and Serious Shortage

1. Where compliance with the provisions of Articles 12 and 13 leads to:

- a) re-export towards a third country against which the exporting Party to this Agreement maintains for the product concerned quantitative export restrictions, export duties or measures or charges having equivalent effect; or
- b) a serious shortage, or threat thereof, of a product essential to the exporting Party;

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 22 of this Agreement. In the selection of the measures, priority must be given to those which least disturb the functioning of the arrangements in this Agreement. The measures shall be non-discriminatory and shall be eliminated when conditions no longer justify their maintenance. In addition, the measures that may be adopted shall not operate to increase the exports of or the protection afforded to domestic industry processing the goods concerned by the measures.

2. Any measures applied pursuant to this Article shall be immediately notified to the Association Committee and shall be subject of period of consultations within that body, particularly with a view to establish a timetable for their elimination as soon as circumstances permit.

Article 19 **General Exceptions**

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified by the international agreements the Parties take part and on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; the protection of intellectual, industrial and commercial property. Such prohibitions or restrictions must not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 20 **Rules of Origin and Co-operation between the Customs Administrations**

1. The Parties agree to apply the actual harmonised preferential rules of origin in the context of the System of Pan-Euro-Med Cumulation of Origin in the mutual trade.
2. **Protocol II** lays down the rules of origin and methods of administrative co-operation.

Article 21 **Balance of Payments Difficulties**

Where either Party is in a serious balance of payments difficulty or under threat thereof, the Party concerned may in accordance with the conditions laid down within the framework of WTO/GATT 1994 and with Articles VIII and XIV of Agreement of International Monetary Fund, adopt restrictive measures, which shall be of limited

duration and may not go beyond what is necessary to remedy the balance of payments situation. The Party concerned shall inform the other Party forthwith of their introduction and submit to the other Party, as soon as possible, a time schedule of their removal.

Article 22

Notifications and Consultations Procedure for the Application of Measures

1. Before initiating the procedure for the application of measures set out in this Article, the Parties shall endeavour to solve any difference between themselves through direct consultations, and shall inform each other thereof.
2. In the cases specified in Articles 9, 16, 17, 18, 24 and 43, a Party, which considers resorting to any measure, shall promptly notify the Association Committee thereof. The Party concerned shall provide the Association Committee with all relevant information and give it the assistance required to examine the case. Consultations between the Parties shall take place without delay in the Association Committee with a view to finding a commonly acceptable solution.
3. If, within one month of the matter being referred to the Association Committee, the Party in question fails to put an end to the practice objected to or to the difficulties notified and in the absence of a decision by the Association Committee in the matter, the concerned Party may adopt the measures it considers necessary to remedy the situation.
4. The measures taken shall be notified immediately to the Association Committee. They shall be restricted, with regard to their extent and duration, to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be in excess of the damage caused by the practice or the difficulty in question. Priority shall be given to such measures that will least disturb the functioning of this Agreement.
5. The measures taken shall be the subject of regular consultations within the Association Committee with a view to their relaxation, or abolition when conditions no longer justify their maintenance.
6. Where exceptional circumstances requiring immediate action make prior examination impossible, the Party concerned may, in the cases of Articles 9, 16, 17, 18, 24 and 43 apply forthwith the precautionary measures strictly necessary to remedy the situation. The measures shall be notified without delay to the Association Committee and consultations between the Parties to this Agreement shall take place within the Association Committee.