

# **AGREEMENT BETWEEN THE REPUBLIC OF TURKEY AND THE SYRIAN ARAB REPUBLIC CONCERNING THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS**

The Syrian Arab Republic and the Republic of Turkey (hereinafter referred to as "the Parties" or Turkey and Syria where appropriate.)

CONSIDERING the importance of existing traditional links between the Parties, and the common values they share;

DESIROUS to develop and strengthen friendly relations, especially in the fields of economic co-operation and trade between the Parties and to enhance the scope of mutual trade;

CONFIRMING their intention to participate actively in the process of economic integration in Europe and in the Mediterranean Basin in accordance with the Barcelona Declaration;

EXPRESSING their preparedness to co-operate in seeking ways and means to strengthen this process;

CONSCIOUS of the importance of this Agreement based on co-operation and dialogue in order to achieve permanent security and stability in the region;

CONSCIOUS of determination of the two countries to develop the interaction of their economies with the world economy and their co-operation in this context;

TAKING INTO CONSIDERATION the Agreement Establishing an Association between Turkey and the European Economic Community and the Cooperation Agreement between the Syrian Arab Republic and the European Economic Community.

HAVING regard to the experience gained from the co-operation developed between the Parties to this Agreement as well as between them and their main trading partners;

TAKING INTO ACCOUNT the need to intensify existing efforts to promote economic and social development in the two countries;

DECLARING their readiness to undertake activities with a view to promoting harmonious development of their trade and investment as well as to expanding and diversifying their mutual co-operation in the fields of joint interest, including fields not covered by this Agreement, thus creating a framework and supportive environment based on equality, non-discrimination, and a balance of rights and obligations;

CONSIDERING the importance of free trade for the Syrian Arab Republic and the Republic of Turkey, as guaranteed by the General Agreement on Tariffs and Trade 1994 ("GATT 1994") and by the other multilateral agreements annexed to the Agreement establishing the World Trade Organisation ("the WTO");

RESOLVED to lay down for this purpose provisions aimed at the progressive abolition of the obstacles to trade between the Parties in accordance with the provisions of these instruments under the WTO, in particular those concerning the establishment of free trade areas,

HAVE DECIDED, in pursuance of these objectives, to conclude the following Agreement (hereinafter referred to as "this Agreement").

## **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 Syria and Turkey 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.

## **Chapter II. TRADE-RELATED PROVISIONS**

### **Article 23. Payments and Transfers**

1. Payments relating to trade between the Parties and the transfer of such payments to the territory of the Party where the creditor resides shall be free from any restrictions.
2. The Parties shall refrain from any restrictions on currency exchange or on the repayment or acceptance of short and medium-term credits covering commercial transactions in which a resident participates.
3. No restrictive measures shall apply to transfers related to investments and in particular to the repatriation of amounts invested or reinvested and of any kind of revenues stemming there from.
4. It is understood that the provisions in this Article are without prejudice to the equitable, non-discriminatory application of their respective legislation in connection with criminal offences and orders or judgements in administrative and adjudicatory proceedings.

### **Article 24. Rules of Competition Concerning Undertakings, State Aid**

1. The following are incompatible with the proper implementation of this Agreement, in so far as they affect trade between the Parties:
  - a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
  - b) abuse by one or more undertakings of dominant position in the territories of the Parties as a whole or in a substantial part thereof;
  - c) any state aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods.
2. Each Party shall ensure transparency in the area of state aid. Upon request by one Party, the other Party shall provide information on particular individual cases of state aid.
3. If either of the Parties considers that a particular practice is incompatible with the terms of the first paragraph of this Article, it may take appropriate measures after consultation within the Association Committee or after thirty working days following referral for such consultations.
4. In the case of practices incompatible with paragraph 1 (c), such appropriate measures may, where the WTO/GATT 1994 applies thereto, only be adopted in conformity with the procedures and under the conditions laid down by the WTO/GATT 1994 and any other relevant instrument negotiated under its auspices, which are applicable between the Parties.
5. Notwithstanding any provisions to the contrary adopted in conformity with this Article, the Parties shall exchange information taking into account the limitations imposed by the requirements of professional and business secrecy.

### **Article 25. Intellectual, Industrial and Commercial Property**

1. The Parties shall grant and ensure adequate and effective protection of intellectual, industrial and commercial property rights in line with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and other international Agreements. This shall encompass effective means of enforcing such rights.
2. The Parties shall regularly review the implementation of this Article. If difficulties, which affect trade, arise in connection with intellectual, industrial and commercial property rights, either Party may request urgent consultations to find mutually satisfactory solutions within the framework of the Association Committee.

### **Article 26. State Monopolies**

1. The Parties shall progressively adjust any state monopoly of a commercial character so as to ensure that by the end of the

fifth year following the entry into force of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed will exist between nationals of the Parties.

2. The Association Committee shall be informed about the measures adopted to implement this objective.

## **Article 27. Public Procurement**

1. The Parties consider the opening of the public procurements on the basis of non-discrimination and reciprocity, to be a desirable objective.

2. As of the entry into force of this Agreement, both Parties shall grant each other's companies' access to contract award procedures a treatment no less favourable than that accorded to companies of any other country.

## **Article 28. Technical Regulations**

1. The Parties shall co-operate in the field of technical regulations, standards and conformity assessment; and notwithstanding the respective bilateral and international obligations shall take appropriate measures to ensure that this Agreement will be applied effectively and harmoniously to the mutual interests of both Parties.

2. The Parties agree to hold immediate consultations in the framework of the Association Committee in case a Party considers that the other Party has taken measures which are likely to create, or have created, a technical obstacle to trade, in order to find an appropriate solution in conformity with the WTO Agreement on Technical Barriers to Trade.

3. The extent of the Parties' obligations to notify draft technical regulations shall be applied in accordance with the provisions of the WTO Agreement on Technical Barriers to Trade. Turkey will make its notifications of draft technical regulations to the WTO available to Syria. Syria shall notify draft technical regulations to Turkey.

# **Chapter IV. ECONOMIC AND TECHNICAL COOPERATION**

## **Article 29. Objective**

1. Both Parties will exert all necessary efforts to develop Economic, Scientific, Technical and Commercial Cooperation between the two sides.

2. Both Parties will promote and facilitate continuously the enhancement and diversification of trade exchanges and economic and technical cooperation between their economic establishments, enterprises, organisations and institutions within the framework of their respective rules and regulations as well as their international obligations.

3. Turkey shall give priority for providing Syria with technical assistance in the primary fields of economic co-operation referred in Article 32.

4. Parties will encourage operations designed to develop co-operation among the countries of the region and particularly the ones taking part within the Euro- Mediterranean Partnership.

## **Article 30. Scope**

1. Co-operation and technical assistance shall;

a) focus primarily on infant industries, sectors suffering from internal difficulties or affected by the overall process of liberalization of the Syrian economy and in particular by the liberalisation of trade between Syria and Turkey.

b) focus on areas likely to bring the economies of the Parties closer together.

c) focus on capacity building and training programs, which would assist in creating the necessary institutions and human resources for implementation of this Agreement with Syria.

d) encourage the implementation of measures designed to develop intra-regional co-operation.

e) support joint-ventures, twinning initiatives and joint investments amongst the private sector institutions.

2. The Parties agree to extend economic co-operation to other areas not covered by the provisions of this Chapter such as and not inclusive to irrigation, transportation, communication, higher education, tourism, development and planning.

## **Article 31. Methods and Modalities**

1. The Agreements concluded between the Parties in the fields of the economic, commercial, technical and scientific co-operation shall be implemented without prejudicing the provisions of this Agreement.



2. The Parties shall further determine the methods and modalities for economic co-operation and technical assistance; in particular within the work of the Association Council referred in Article 39. In this regard, the Association Council may decide to establish sub- committees.

3. Economic co-operation and technical assistance shall be implemented in particular by: a) regular exchange of information and ideas in every sector of co-operation including meetings of officials and experts; b) encouragement of reciprocal participation in fairs and exhibitions; c) transfer of advice, expertise and training; d) implementation of joint actions such as seminars and workshops; e) technical, administrative and regulatory assistance; f) encouragement of joint ventures; g) dissemination of information on co-operation.

## **Article 32. Primary Fields of Economic Co-operation**

The co-operation under the scope of this Agreement shall primarily involve the following fields referred in detail between Articles 33 to 36 of the Agreement:

- a) Industry;
- b) Agriculture;
- c) Services;
- d) Small and medium-sized enterprises.

## **Article 33. Industrial Co-operation**

The main aim of industrial co-operation will be to support Syria, in its efforts to modernize and diversify industry and, in particular, to create an environment favourable to private sector and industrial development by enhancing co-operation between the two Parties' economic operators.

## **Article 34. Co-operation In the Agriculture and Fisheries**

Taking into account the importance of co-operation in agriculture and fisheries towards the enhancement of bilateral relations, the Parties determined the following as the desired fields of co-operation:

- a) exchange of scientific and technical information and expertise relating to agriculture, forestry, water resources and rural development;
- b) reciprocal exchange of experts;
- c) organization of training, seminars, conferences and meetings, in either of the Parties;
- d) establishment of direct joint activities between the respective institutions;
- e) encouragement of investment and trade on agricultural production, processing and marketing in both countries and in other markets.

## **Article 35. Co-operation In Services**

1. The Parties to this Agreement recognize the growing importance of trade in services. In their efforts to gradually develop and broaden their co-operation, in particular in the context of the Euro-Mediterranean Partnership, they will cooperate with the aim of achieving a progressive liberalization and mutual opening of their markets for trade in services, taking into account relevant provisions of the WTO-General Agreement on Trade in Services (GATS) and multilateral trade negotiations with that respect.

2. The Parties will discuss the means of co-operation in the area of services at the Association Council.

## **Article 36. Co-operation between Small and Medium-Sized Enterprises**

1. With the view to further enhance trade and economic activities, the Parties shall give priority to promoting business and investment opportunities as well as joint ventures between small and medium sized enterprises (SMEs) of the two countries. Within this context, the Parties will;

- a) exchange expertise on entrepreneurship, management, research and management centres, quality and production standards;
- b) provide market information to create investment opportunities;
- c) furnish published documents concerning SMEs.

2. Turkey shall support Syria's efforts towards capacity building for the related private sector institutions.

## **Chapter V. INSTITUTIONAL, GENERAL AND FINAL PROVISIONS**

### **Article 37 . Establishment of the Syria - Turkey Association Council**

An Association Council is hereby established which as a rule shall be headed by Ministers in charge of foreign trade and meet at least once a year in accordance with the conditions laid down in its rules of procedure.

### **Article 38. Duties of the Association Council**

The Association Council shall review the progress made in the implementation of this Agreement and in the cooperation to support Syrian economic reform and development efforts. It shall also examine any major issues arising within the framework of this Agreement including its economic and social impact and any other bilateral or international issues of mutual interest.

### **Article 39. Procedures of the Association Council**

1. The Association Council shall consist of officials, public and private sector representatives of both Parties.
2. The Association Council shall establish its rules of procedure.
3. The Association Council shall, for the purpose of attaining the objectives of this Agreement, have the power to take decisions in the cases provided for therein.
4. The decisions taken shall be binding on the Parties that shall take the measures necessary to implement the decisions taken. The Association Council may also make appropriate recommendations.
5. The Association Council may upon necessity establish working groups or bodies for the implementation of the Agreement.
6. It shall draw up its decisions and recommendations by agreement between the two Parties.

### **Article 40. Establishment of the Association Committee**

1. Subject to the powers of the Association Council, an Association Committee is hereby established which shall be responsible for the implementation of the Agreement.
2. The Association Council may delegate to the Association Committee, in full or in part, any of its powers.

### **Article 41. Procedures of the Association Committee**

1. The Association Committee shall convene at Under-secretarial/Deputy Ministerial level at least twice a year alternatively in Turkey and Syria.
2. The Association Committee shall establish its rules of procedure.
3. The Association Committee shall have the power to take decisions for the implementation of the Agreement as well as in the areas in which the Council has delegated its powers to it.
4. It shall draw up its decisions by agreement between the two Parties. These decisions shall be binding on the Parties that shall take the measures necessary to implement the decisions taken.

### **Article 42. Security Exceptions**

Nothing in this Agreement shall prevent the Parties from taking any measures, which they consider necessary:

1. to prevent the disclosure of information contrary to their essential security interests;
2. for the protection of their essential security interests or for the implementation of international obligations or national policies;

- a) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods, materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment; or
- b) relating to the non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or
- c) in time of war or other serious international tension constituting threat of war.

### **Article 43. Fulfilment of Obligations**

1. The Parties shall take all necessary measures to ensure the achievement of the objectives of this Agreement and the fulfilment of their obligations under this Agreement.
2. If either Party considers that the other Party has failed to fulfil an obligation under this Agreement, the Party concerned may take the appropriate measures under the conditions and in accordance with the procedures laid down in Article 22 of this Agreement.

### **Article 44. Dispute Settlement**

1. Either Party may refer to the Association Council any dispute relating to the application or interpretation of this Agreement.
2. The Association Council may settle the dispute by means of a decision.
3. Each Party shall be bound to take measures involved in carrying out the decision referred to in paragraph 2.
4. In the event of it not being possible to settle the dispute in accordance with paragraph 2, either Party may notify the other of the appointment of an arbitrator; the other Party must then appoint a second arbitrator within two months.
5. The two arbitrators shall agree on a third arbitrator being a citizen of a third country of which both Parties have diplomatic relations. In case of failure to agree on the third arbitrator within two months, the necessary appointment shall be made by the Association Council.
6. The arbitrators' decisions shall be taken by majority vote.
7. Each Party to the dispute must take the steps required to implement the decision of the arbitration.

### **Article 45. Evolutionary Clause**

1. Where either Party considers that it would be useful and in the interest of the economies of the Parties to develop the relations established by this Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the other Party. The Association Council may instruct the Association Committee to examine this request and, where appropriate, to make recommendations to it, particularly with a view to opening negotiations.
2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to ratification or approval by the Parties to this Agreement in accordance with their national legislation.

### **Article 46. Amendments**

Amendments to this Agreement, as well as to its Annexes and Protocols, shall enter into force upon the exchange of written notifications through diplomatic channels, by which the parties inform each other that all necessary requirements foreseen by their national legislation for the entry into force of this Agreement have been fulfilled.

### **Article 47. Protocols and Annexes**

Protocols and Annexes to this Agreement shall form an integral part thereof. The Association Council may decide to amend the Protocols and Annexes in accordance with the national legislation of the Parties.

### **Article 48. Duration and Denunciation**

1. This Agreement is concluded for an indefinite period of time.

2. Either party may denounce this Agreement by a written notification to the other Party. The Agreement shall terminate on the first day of the seventh month following the date when the other Party received the denunciation notice.

## **Article 49. Entry Into Force**

1. This Agreement shall enter into force on the first day of the second month, following the date on which the Parties have notified each other through diplomatic channels, that their internal legal requirements for the entry into force of this Agreement have been fulfilled.

2. Upon its entry into force, this Agreement shall replace the following Agreements between the Parties:

a) Accord de Commerce Entre Le Gouvernement de la République Arabe Syrienne et le Gouvernemet de la République de Turquie (Commercial Agreement between the Government of The Syrian Arab Republic and the Government of the Republic of Turkey -signed on 17 September 1974).

b) Agreement between the Government of the Syrian Arab Republic and the Government of the Republic of Turkey concerning the establishment of the Syrian - Turkish Joint Committee for Economic, Scientific, Technical and Commercial Co-operation (signed on 23 March 1982).

c) Long-Term Economic Co-operation Agreement between the Government of the the Syrian Arab Republic and the Government of the Republic of Turkey (signed on 23 March 1982).

3. IN WITNESS WHEREOF the undersigned plenipotentiaries, being duly authorised thereto, have signed this Agreement.

4. DONE at ---- day of----- two thousand and four in duplicate copies in the Arabic, Turkish and English languages, all texts being equally authentic. In case of divergence the English text shall prevail.