

PREAMBLE

The Kingdom of Morocco and the Republic of Turkey (hereinafter referred to as «the Parties»),

RECALLING their intention to participate actively in the process of economic integration in Europe and in the Mediterranean Basin expressing their preparedness to co-operate in seeking ways and means to strengthen this process;

HAVING regard to Agreement Establishing an Association between Turkey and the European Economic Community and the Euro-Mediterranean Agreement Establishing an Association between the European Communities and Morocco;

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;

DECLARING their willingness to take action with a view to promoting harmonious development of their trade as well as to expanding and diversifying their mutual co-operation in the fields of common interest, thus creating a framework and supportive environment based on equality, non discrimination, and a balance of rights and obligations;

RECALLING the membership of the Parties in World Trade Organisation (hereinafter “WTO”) and their commitment to comply with the rights and obligations arising from the Agreement establishing the WTO, including the principles of most-favoured-nation and of national treatment,

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, in particular those concerning the establishment of free trade areas;

RESOLVED to contribute to the strengthening of the multilateral trading system and to develop their relations towards free trade in compliance with WTO rules,

DECLARING their readiness to examine, in the light of any relevant factor, the possibility of developing and deepening their economic relations in order to extend them to fields not covered by this Agreement;

ALSO convinced that this Agreement will create conditions encouraging economic, trade and investment relations between them,

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

ARTICLE 1

Objectives

1. The Parties shall gradually establish a free trade area on substantially all their trade between them in a transitional period lasting a maximum of 10 years starting from the entry into force of this Agreement in accordance with the provisions of this Agreement and in conformity with those of the General Agreement on Tariffs and Trade 1994 (hereinafter “GATT 1994”) and the other multilateral Agreements on trade in goods annexed to the Agreement establishing the WTO.
2. The objectives of this Agreement are:
 - a) to promote, through the expansion of reciprocal trade, the harmonious development of the economic relations between the Parties;
 - b) to provide fair conditions of competition for trade between the Parties;
 - c) to contribute in this way, by removal of barriers to trade, to the harmonious development and expansion of world trade;
 - d) to enhance cooperation between the Parties.

ARTICLE 2

Basic Duties

1. For commercial exchanges covered by this Agreement, the Parties shall apply their respective Customs Tariffs on the classification of goods for imports into them.
2. For each product the basic duty to which successive reductions set out in this Agreement are to be applied shall be the Most Favoured Nation (MFN) duty that was in force in the Parties, erga omnes, on the date of entry into force of this Agreement.
3. If after entry into force of this Agreement, any tariff reduction is applied on an erga omnes basis, in particular, reductions resulting from the tariff agreement concluded within the WTO, such reduced duties shall replace the basic duties referred to in paragraph 2 as from that date when such reductions are applied.
4. The Parties shall communicate each other their respective basic duties.

CHAPTER I

INDUSTRIAL PRODUCTS

ARTICLE 3

Scope

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

ARTICLE 4

Customs Duties on Imports and Charges Having Equivalent Effect

1. No new customs duties on imports or charges having equivalent effect shall be introduced, in trade between the Parties from the date of entry into force of this Agreement.
2. Customs duties and any charges having equivalent effect to customs duties on imports shall be abolished in accordance with the provisions of Protocol I to this Agreement.

ARTICLE 5

Customs Duties of a Fiscal Nature

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

ARTICLE 6

Customs Duties on Exports and Charges Having Equivalent Effect

1. No new customs duties on exports or charges having equivalent effect shall be introduced nor shall those existing be made more restrictive in trade between the Parties from the date of entry into force of this Agreement.
2. Customs duties on exports and any charges having equivalent effect shall be abolished between the Parties upon the entry into force of this Agreement.

ARTICLE 7

Quantitative Restrictions on Imports and Measures Having Equivalent Effect

1. No new quantitative restriction on imports or measure having equivalent effect shall be introduced nor shall those existing be made more restrictive in trade between the Parties from the date of entry into force of this Agreement.
2. Quantitative restrictions on imports shall be abolished between the Parties upon the entry into force of this Agreement.

ARTICLE 8

Quantitative Restrictions on Exports and Measures Having Equivalent Effect

1. No new quantitative restriction on exports or measure having equivalent effect shall be introduced, nor shall those existing be made more restrictive in trade between the Parties from the date of entry into force of this Agreement.
2. Quantitative restrictions on exports and any measures having equivalent effect shall be abolished between the Parties upon the entry into force of this Agreement.

CHAPTER II

AGRICULTURAL PRODUCTS

ARTICLE 9

Scope and Exchange of Concessions

1. The provisions of this Chapter shall apply to agricultural products falling within Chapters 1 to 24 of the Harmonised Commodity Description and Coding System and the products listed in Annex I originating in the Parties.
2. The Parties grant each other the concessions specified in Protocol II, providing for measures to facilitate trade in agricultural products.
3. Taking into account of:
 - the role of agriculture in their economies,
 - the development of trade in agricultural products between the Parties,
 - the particular sensitivity of the agricultural products,
 - the rules of their agricultural policies,

- the consequences of the multilateral trade negotiations under the GATT and the WTO,

the Parties shall examine the possibilities of granting each other further concessions.

ARTICLE 10

Improvement of Concessions

1. The Parties to this Agreement declare their readiness to foster, in so far as their agricultural policies allow, the harmonious development of trade in basic agricultural, processed agricultural and fishery products and to discuss this issue periodically in the Joint Committee.
2. The Parties to this Agreement committed themselves to monitor the flow of bilateral trade in agricultural products with the aim to explore the possibilities of improving the current concessions contained in the Protocol II and further extending them to processed agricultural products and fishery products.

ARTICLE 11

Concessions and Agricultural Policies

1. Without prejudice to the concessions granted under Article 9, the provisions of this Chapter shall not restrict in any way the pursuance of the respective agricultural policies of the Parties or application of any measures under such policies, including the implementation of the provisions of the Agreement on Agriculture negotiated under the auspices of the GATT 1994 and the Agreement establishing WTO.
2. The Parties shall notify to the Joint Committee changes in their respective agricultural policies pursued or measures applied which may affect the conditions of agricultural trade among them as provided for in this Agreement. On the request of a Party prompt consultations within the Joint Committee shall be held to examine the situation.

ARTICLE 12

Specific Safeguards

Without prejudice to the other provisions of this Agreement and, in particular Article 22, and given the particular sensitivity of the agricultural products as

referred to in Article 9, if imports of products originating in a Party, which are subject to concessions granted under this Agreement, cause serious disturbances to the markets of the other Party, the Party concerned may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 22 of this Agreement.

ARTICLE 13

Sanitary and Phytosanitary Measures

1. The Parties shall not apply their regulations in veterinary, plant health and public health matters in an arbitrary, unjustifiable and discriminatory way and shall not introduce any new measures that have effect of unduly obstructing trade.
2. The parties shall apply their sanitary and phytosanitary measures in accordance with the provisions of the GATT 1994 and the other relevant WTO Agreements.

CHAPTER III

RIGHT OF ESTABLISHMENT AND SUPPLY OF SERVICES

ARTICLE 14

1. The Parties recognise the growing importance of certain areas, such as services and investments. In their efforts to gradually develop and broaden their cooperation, in particular in the context of Euro-Mediterranean integration, they will cooperate with the aim of further promoting investments and achieving a gradual liberalisation and mutual opening of markets for trade in services, taking into account relevant provisions of the General Agreement on Trade and Services (GATS).
2. The Parties shall review developments in the services sectors with a view to considering liberalisation measures between themselves.
3. The Parties shall discuss this cooperation in the Joint Committee with the aim of developing and deepening their relations under this Agreement.
4. The Parties shall seek to widen the scope of the Agreement to cover the right of establishment of firms of one Party in the territory of the other Party.

CHAPTER IV
COMMON PROVISIONS

ARTICLE 15

Internal Taxation

1. The Parties to this Agreement 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 one 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 16

Trade Relations Governed by Other Agreements

1. This Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade to the extent that these do not negatively affect the trade regime and in particular the provisions concerning rules of origin provided for by this Agreement.
2. Exchange of information between the Parties shall take place, on request, within the Joint Committee concerning agreements establishing such customs unions or free trade areas.

ARTICLE 17

Transitional Adjustment Measures

1. Transitional adjustment measures of limited duration which derogate from the provisions of Article 4 may be taken by the Parties in the form of increased customs duties.
2. These measures may only concern infant industries, or certain industries undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.
3. Customs duties on imports applicable in the Parties to products originating in each Party introduced by these measures may not exceed 25% ad valorem and

shall maintain an element of preference for products originating in each Party. The total value of imports of the products which are subject to these measures may not exceed 15% of total imports of industrial products from the other Party as defined in Article 3, during the last year for which statistics are available.

4. These measures shall be applied for a period not exceeding five years unless a longer duration is authorised by the Joint Committee. They shall cease to apply at the latest 3 years after the expiry of the transitional period.
5. No such measures can 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 an equivalent effect concerning that product.
6. The Parties shall inform the Joint Committee of any exceptional measures they intend to take and, at the request of either Party, consultations shall be held in the Joint Committee on such measures and the sectors to which they apply before they are applied. When taking such measures the Parties shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction, at equal rates. The Joint Committee may decide on a different schedule.

ARTICLE 18

Antidumping and Countervailing Measures

If a Party finds that dumping, within the meaning of the WTO Agreement on Implementation of Article VI of the GATT 1994, or subsidisation, within the meaning of the WTO Agreement on Subsidies and Countervailing Measures, practices are taking place in the trade relations governed by this agreement, it may take appropriate measures against these practices in accordance with the rules and disciplines of the WTO Agreement on Implementation of Article VI of the GATT 1994, for the dumping practices, and the WTO Agreement on Subsidies and Countervailing Measures, for the subsidisation practices and in accordance with the procedures laid down in Article 22.

ARTICLE 19

Safeguard Measures

1. Each Party retains its rights and obligations under XIX of GATT 1994 and the WTO Agreement on Safeguard Measures. This Agreement does not confer any additional rights or obligations on the Parties with regard to safeguard measures.

2. Notwithstanding provisions of paragraph 1 of this Article, the procedures laid down in Article 22 shall apply with regard to safeguard measure taken by any Party.

ARTICLE 20

Re-export and Serious Shortage

1. Where compliance with the provisions of Articles 6 and 8 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 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.
2. The measures taken as a result of the situation referred to in paragraph 1 shall be applied in a non-discriminatory manner and be eliminated when conditions no longer justify their maintenance.

ARTICLE 21

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 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 Joint Committee shall be informed about the measures adopted to implement this objective.

ARTICLE 22

Notifications and Consultations Procedure for the Application of Measures

1. Before initiating the procedure for the application of the measures specified in articles 12, 17, 18, 19, 20 and 25, the Parties to this Agreement shall endeavour to reach appropriate solution between themselves through direct consultations, and shall inform the other Party thereof.