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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.12.2008
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2008/0248 (AVC)

Proposal for a

COUNCIL DECISION

On the signature on behalf of the European Community and provisional application of certain provisions of a Euro-Mediterranean Association Agreement between the European Community and its Member States and the Syrian Arab Republic

Proposal for a

COUNCIL DECISION

On the conclusion of a Euro-Mediterranean Association Agreement between the European Community and its Member States of the one part, and the Syrian Arab Republic, of the other part

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. The attached proposals constitute the legal instruments for the signature and conclusion of a Euro-Mediterranean Association Agreement between the European Community and its Member States, of the one part, and the Syrian Arab Republic, of the other part.
 - (a) Proposal for a Council Decision for the signature of the Agreement;
 - (b) Proposal for a Council Decision for the conclusion of the Agreement.
2. Syria's relations with the European Community are presently covered by the Co-operation Agreement signed on 18 July 1977 (entered into force on 1 January 1978), as modified by subsequent protocols. The Council adopted its negotiating directives on 18 December 1997 and the Commission formally launched the negotiations for an Association Agreement on 14-15 May 1998. Progress was very slow in the first four years. The pace of negotiations changed after the Syrian government reshuffle in December 2001 and at the eighth session on 5-6 June 2002 the first chapters of the text could be agreed. After the submission of a comprehensive Syrian tariff schedule, intensive negotiations on tariff dismantlement could start in September 2003 leading to conclusion of the negotiations at the twelfth round on 8-9 December 2003, followed by a series of technical discussions, leading to the initialling of the text by the Commission and by the Government of Syria in Brussels on 19 October 2004 [and on 14 December 2008].
3. The Agreement was submitted to the Council on 17 December 2004 [COM (2004) 808 final]. The Council did not however reach an agreement on its signature due to political considerations.

In the light of recent positive developments in Syria's regional policy, notably regarding relations with Lebanon and Israel, there is now a consensus within the EU that the draft Agreement should be updated with a view to its early conclusion.

The Commission and Syria have accordingly agreed on the technical adaptations needed to update the 2004 draft Association Agreement and a revised Agreement was initialled on 14 December 2008. The adaptations made are of purely technical nature, they reflect developments since 2004 with an impact on the implementation of the Agreement, notably the latest EU enlargement; the reform of the Syrian custom tariff schedule; changes in the Harmonised System and in the EC Combined Nomenclature.
4. The proposed revised Association Agreement between the EU and Syria will establish a new, closer relationship within the context of the Euro-Mediterranean partnership launched by the 1995 Barcelona Declaration. It will contribute to peace and security in the region and will stimulate trade and economic relations between Syria and the EU, and Syria and its Mediterranean partners. The proposed agreement would be the last missing piece in building the Euro-Mediterranean Free Trade Area in 2010 as set up in the Barcelona Declaration. The Barcelona Declaration underlines the EU's priority to strengthen its security, economic and social relations with the partners of the southern Mediterranean Basin. Agreements with Tunisia, Morocco, Algeria, Egypt, Israel, the Palestinian Territories (PLO), Jordan and Lebanon have already been signed; only Syria remains.
5. The EU-Syria Association Agreement will have an unlimited duration and will open the way to deepen relations in a wide number of fields, based on reciprocity and

partnership. Respect for the principles of democracy and human rights will constitute an essential element of the Agreement. In line with the Council Decision of 17 November 2003 on the fight against the proliferation of weapons of mass destruction, the Agreement also contains as an essential element a commitment to fulfilling existing obligations under disarmament and non-proliferation instruments.

6. The EU-Syria Association Agreement is similar in pattern to other Euro-Mediterranean Association Agreements, but contains more far-reaching and substantial provisions in a number of areas: non-proliferation, counter-terrorism, comprehensive tariff dismantlement on agricultural products, technical barriers to trade, sanitary and phyto-sanitary measures, trade facilitation, right of establishment and services, government procurement, intellectual property rights and trade dispute settlement mechanisms. The provisional application of trade and trade related provisions is also foreseen.
7. The Agreement focuses on the following main elements:
 - regular political dialogue, including co-operation on non-proliferation;
 - economic, social, and cultural dialogue and co-operation in a wide range of fields;
 - the progressive establishment of a free-trade area between the European Community and Syria over a maximum period of twelve years. Both Parties recognise the importance of free trade, as guaranteed by the General Agreement on Tariffs and Trade of 1994 (GATT) and by the other multilateral agreements annexed to the Treaty establishing the WTO;
 - for industrial products, free access granted to Syrian exports to the Community under the 1978 Co-operation Agreement is reconfirmed. Reciprocally, Syria will liberalise its imports regime for Community products so that all tariffs are reduced to zero by the end of the twelve year transition period after entry into force of the Agreement;
 - for processed agricultural products, specific reciprocal concessions are foreseen;
 - agricultural products from Syria to the Community will be liberalised conforming to Barcelona Process objectives (gradual liberalisation with review clause). For a list of sensitive products tariff quotas shall be applied. Tariffs on products from the Community exported to Syria will be dismantled in a linear manner so as to reach zero by the end of the twelve year transition period after entry into force of the Agreement;
 - trade in fish and fishery products imported from Syria into the Community, with the exception of a limited number of products, will be liberalised over a two-year period. For those products where liberalisation is not foreseen, tariff quotas will be provided under the Agreement. Tariffs on fish and fishery products exported from the Community to Syria will be dismantled in a linear manner over a maximum period of 12 years after the entry into force of the Agreement;
 - right of establishment and services granting European investors MFN or national treatment (whichever is better) for establishment in Syria and opening almost all sectors for investment, with the exception of some reserved currently for state monopolies. The area of telecommunications will be opened at the latest six years after entry into force;

- dispute settlement provisions to resolve trade disputes in line with the WTO Dispute Settlement Mechanism;
- provisions on the movement of persons;
- on payments and capital movements, competition, government procurement, intellectual, industrial and commercial property rights, and on standards, technical regulation and conformity assessment procedures;
- commitments and co-operation in the areas of migration (including re-admission), rule of law, combating drugs and organised crime, money-laundering, and counter-terrorism;
- institutional provisions for the management of the Agreement, which will include the establishment of an Association Council to meet at ministerial level to supervise the implementation of the Agreement, and of an Association Committee;
- the Association Council shall take all appropriate measures to facilitate co-operation and contacts between the European Parliament and the Syrian People's Assembly.

It is aimed at supporting economic and political reform in Syria, preparing Syria for integration into the world economy and promoting regional integration. Through a regular political dialogue, it will also enable the EU to engage into discussions with Syria on all topics of mutual concern, in particular human rights and democratic principles, terrorism and non-proliferation.

Proposal for a

COUNCIL DECISION

On the signature on behalf of the European Community and provisional application of certain provisions of a Euro-Mediterranean Association Agreement between the European Community and its Member States and the Syrian Arab Republic

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community and in particular Article 310 in conjunction with the first sentence of the first subparagraph of Article 300, paragraph 2 thereof,

Having regard to the proposal from the Commission¹,

Whereas:

- (1) The Council adopted the directives on 18 December 1997 for the Commission to open negotiations for a Euro-Mediterranean Association Agreement between the European Community and its Member States, of the one part, and the Syrian Arab Republic of the other part;
- (2) These negotiations have been concluded and the Agreement has been initialled on 19 October 2004 [and on 14 December 2008];
- (3) The European Commission and the Syrian Arab Republic have undertaken to apply provisionally certain provisions of the Association Agreement pending its entry into force;
- (4) The measures necessary for the implementation of the provisional application should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission²;
- (5) The Association Agreement should be signed on behalf of the Community and the provisional application of its provisions should be adopted.

HAS DECIDED AS FOLLOWS:

Article 1

Subject to its conclusion at a later date, the President of the Council is hereby authorised to designate the person(s) empowered to sign, on behalf of the European Community, the Euro-Mediterranean Association Agreement between the European Community and its Member States, of the one part, and the Syrian Arab Republic, of the other part.

¹ OJ C

² OJ L 184, 17.7 1999 p. 23.

Article 2

The following provisions of the Association Agreement shall be applied on a provisional basis pending its entry into force: Article 2, Articles 7 to 42, Article 61, Articles 63 to 89, Article 97, Articles 99 to 102, Article 107, Article 120, Articles 132 to 138, and Articles 140 and 141.

Article 3

The measures necessary for the implementation of the provisional application of the Agreement shall be adopted in accordance with the procedure referred to in Article 4.

Article 4

1. The Commission shall be assisted by a Committee on horizontal questions concerning trade in processed agricultural products not listed in Annex I to the Treaty, established by Article 16 of Council Regulation (EC) No 3448/1993 of 6th December 1993 laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products³, by the Management Committee for Sugar established by Article 42 of Council Regulation (EC) No 1260/2001 of 19 June 2001 on the common organisation of the market in sugar⁴, modified by Commission Regulation (EC) No 680/2002 of 19 April 2002⁵ or, where appropriate, by the committees established by the corresponding provisions of other regulations on the common organisation of markets or by the Customs Code Committee established by Article 248a of Regulation (EEC) No 2913/92 of 12th October 1992 establishing the Community Customs Code⁶. Where reference is made to this paragraph, Article 4 and 7 of Decision 1999/468/EC shall apply. The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at one month.
2. The Committee shall adopt its rules of procedure.

Done at Brussels,

For the Council
The President

3 OJ L 318, 20.12.1993, p.18.

4 OJ L 178, 30.6.2001, p. 1.

5 OJ L 104, 20.4.2002, p. 26.

6 OJ L 302, 19.10.1992, p. 1.

Proposal for a

COUNCIL DECISION

On the conclusion of a Euro-Mediterranean Association Agreement between the European Community and its Member States of the one part, and the Syrian Arab Republic, of the other part

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community and in particular Article 310 in conjunction with the second phrase of Article 300, paragraph 2, and the second subparagraph of paragraph 3,

Having regard to the proposal from the Commission,

Having regard to the assent of the European Parliament⁷,

Whereas:

- (1) The Euro-Mediterranean Association Agreement between the European Community and its Member States, of the one part, and the Syrian Arab Republic of the other part; has been signed on behalf of the European Community, in [...] on [...], subject to the reserve of an eventual conclusion at a later date, in conformity with the decision/...../CE of the Council of
- (2) The Agreement should be approved,

HAS DECIDED AS FOLLOWS:

Article 1

The Euro-Mediterranean Association Agreement between the European Community and its Member States, of the one part, and the Syrian Arab Republic, of the other part, the annexes and protocols to the Agreement, as well as the joint declarations and the declarations of the European Community included in the final act, are approved on behalf of the European Community.

The text of the Agreement, the protocols and the final act form part of this Decision.

Article 2

The Position to be taken by the Community in the context of the Association Council and of the Association Committee, is to be defined by the Council, on the proposal of the Commission, or, if the case arises, by the Commission, in conformity with the relevant components of the Treaties.

⁷ OJ C [...], [...], p

In conformity with article 124 and article 127 of the Agreement, the President of the Council will chair the Association Council. A representative of the Commission will chair the Association Committee, according to the agreed procedural rules.

The decision to publish the decisions of the Association Council and of the Association Committee in the Official Journal of the European Union will be taken in each case respectively by the Council and the Commission.

Article 3

The President of the Council is authorised to designate the person(s) empowered to proceed, on behalf of the European Community, to deposit the act of notification foreseen in article 142 of the Agreement.

Done at Brussels,

For the Council
The President

ANNEX
EURO-MEDITERRANEAN AGREEMENT
ESTABLISHING AN ASSOCIATION
BETWEEN THE EUROPEAN COMMUNITIES
AND THEIR MEMBER STATES ON THE ONE PART,
AND THE SYRIAN ARAB REPUBLIC ON THE OTHER PART

**THE KINGDOM OF BELGIUM
THE REPUBLIC OF BULGARIA
CZECH REPUBLIC
THE KINGDOM OF DENMARK
THE FEDERAL REPUBLIC OF GERMANY
REPUBLIC OF ESTONIA
THE HELLENIC REPUBLIC
THE KINGDOM OF SPAIN
THE FRENCH REPUBLIC
IRELAND
THE ITALIAN REPUBLIC
REPUBLIC OF CYPRUS
REPUBLIC OF LATVIA
REPUBLIC OF LITHUANIA
THE GRAND DUCHY OF LUXEMBOURG
HUNGARIAN REPUBLIC
REPUBLIC OF MALTA
THE KINGDOM OF THE NETHERLANDS
THE AUSTRIAN REPUBLIC
REPUBLIC OF POLAND
THE PORTUGUESE REPUBLIC
ROMANIA
THE REPUBLIC OF SLOVENIA
THE SLOVAK REPUBLIC
THE REPUBLIC OF FINLAND
THE KINGDOM OF SWEDEN**

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

contracting Parties to the Treaty establishing the **EUROPEAN COMMUNITY**, hereinafter referred to as the "Member States", and

the **EUROPEAN COMMUNITY**, hereinafter referred to as "the Community", on the one part,

and the **SYRIAN ARAB REPUBLIC**, hereinafter referred to as "Syria", on the other part,

CONSIDERING the importance of the existing traditional links between the Community and its Member States on the one hand, and Syria on the other, and the common values that they share,

CONSIDERING that the Community and its Member States on the one hand and Syria on the other wish to strengthen those links and establish lasting relations based on reciprocity, partnership and joint development,

CONSIDERING the importance which the Parties attach to the purposes and principles of the Charter of the United Nations, the observance of human rights, democratic principles and political and economic freedoms, which form the very basis of the Association,

CONSIDERING the political and economic developments that have taken place in Europe and in Syria in the past years, and conscious of the need to associate their efforts to strengthen political stability and economic development through the encouragement of cooperation both within a comprehensive Euro- Mediterranean framework and at the sub- regional level;

CONSCIOUS of Syria's determination to develop the interaction of its economy with the world economy and its cooperation in this context with the Community and its Member States;

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

CONSIDERING that the proliferation of weapons of mass-destruction (WMD) and their means of delivery, both to state and non-state actors, represents one of the most serious threats to international stability and security;

DESIROUS of co-operating to counter the threat of illicit use and trafficking of WMD-related goods and technologies, and recognizing that setting up an effective national system of export, transit and end-use controls will also facilitate the acquisition of goods and technologies for the development of Syria;

CONSCIOUS that international crime and terrorism represent a threat to the fulfilment of the objectives of the agreement and stability of the region;

DESIROUS of establishing and developing regular political dialogue on bilateral and international issues of mutual interest;

TAKING INTO ACCOUNT the will of the Community to provide Syria with support in its endeavours to pursue economic reform and social development through effective cooperation mechanisms;

BEARING IN MIND the difference in the level of economic and social development between the Community and Syria, and desirous of working together to overcome these differences and achieve the objectives of this Association through the appropriate provisions of this Agreement;

DESIROUS of strengthening cooperation, supported by a regular dialogue, in economic, scientific, environmental, technological, audio-visual, social and cultural matters with a view to improving mutual knowledge and reaching a better mutual understanding;

CONSIDERING the importance for the Community and for Syria of free trade, as guaranteed by the General Agreement on Tariffs and Trade of 1994 (GATT) and by the other multilateral agreements annexed to the Treaty establishing the World Trade Organization (WTO);

CONVINCED that this Association Agreement will create an environment appropriate for the further development of their economic relations, in particular in the fields of trade, investment, technological modernisation, co-operation, including appropriate economic restructuring;

CONFIRMING that the provisions of this agreement that fall within the scope of Part III, Title IV of the Treaty establishing the European Community bind the United Kingdom and Ireland as separate Contracting Parties, and not as part of the European Community, until the United Kingdom and Ireland (as the case may be) notifies Syria that it has become bound as part of the European Community in accordance with the Protocol on the position of the United Kingdom and Ireland annexed to the Treaty on the European Union and the Treaty establishing the European Community. The same applies to Denmark, in accordance with the Protocol annexed to those Treaties on the position of Denmark;

have agreed as follows:

Article 1

1. An Association is hereby established between the Community and its Member States on the one part and Syria on the other part.
2. The aims of this Agreement are:
 - (a) To provide an appropriate framework for the political dialogue between the Parties, allowing the development of close political relations in all fields they consider to be of interest to such dialogue;
 - (b) to establish the conditions for the progressive liberalisation of trade in goods, services and capital;
 - (c) to develop exchanges and foster balanced economic and social relations between the Parties, in particular through dialogue and cooperation intended to enhance the prosperity and economic and social development in Syria;
 - (d) to encourage cooperation both within a comprehensive Euro-Mediterranean framework and at the sub-regional level through integration between Syria and its regional partners;
 - (e) to promote cooperation in the economic, social, cultural and financial fields, as well as other areas which might be of mutual interest.

Article 2

Respect for the democratic principles and fundamental human rights established by the Universal Declaration of Human Rights shall inspire the domestic and external policies of the Parties and shall constitute an essential element of this Agreement.

TITLE I POLITICAL DIALOGUE AND COOPERATION

Article 3

Regular political dialogue and co-operation shall be established between the Parties in order to foster permanent relations of cooperation between them and to contribute to the prosperity, the stability and security of the Mediterranean region, and create a climate of intercultural understanding and tolerance.

Article 4

The Parties reiterate their shared objective to pursue a mutually and effectively verifiable Middle East zone free of weapons of mass destruction, nuclear, biological and chemical and their delivery systems. They agree to promote jointly the signature, ratification and implementation by all Mediterranean partners of all non-proliferation instruments, including the Non-Proliferation Treaty (NPT), the Comprehensive Test Ban Treaty (CTBT), the Biological Weapons Convention (BWC), and the Chemical Weapons Convention (CWC).

Article 5

1. The Parties agree to cooperate and to contribute to countering the proliferation of weapons of mass-destruction, nuclear, biological and chemical and their means of delivery through full compliance with their existing obligations under international disarmament and non-proliferation treaties and agreements and their other existing relevant international obligations, as well as United Nations Security Council resolutions and ensuring their effective implementation. The Parties agree that this provision constitutes an essential element of this Agreement.
2. They also agree to cooperate and contribute to this end by:
taking action towards the signature, ratification or accession, as appropriate, and full implementation of all other relevant international instruments;
setting up effective national systems of export, transit and end-use controls of WMD-related goods and technologies, including dual use, and containing enforcement procedures with appropriate penalties.
3. The political dialogue as set out in Article 6 will accompany and consolidate the elements in articles 4 and 5.

Article 6

1. The political dialogue shall cover subjects of common interest, and in particular peace, respect for international law and territorial integrity, regional stability and security, human rights, democracy and regional development, and shall aim to open the way to new forms of cooperation with a view to common goals, in these areas.
2. The political dialogue and co-operation will in particular:
 - (a) facilitate the process of rapprochement between the Parties, through the development of a better mutual understanding and the promotion of convergence of views through regular consultations on international issues of mutual interest;

- (b) give each party the opportunity to gain a better understanding of the positions and interests of the other party, and give them due consideration;
 - (c) strengthen international non-proliferation and enhance mutual security and stability in the Euro-Mediterranean region;
 - (d) help develop joint initiatives on the basis of the principles which inspire this Agreement.
3. The political dialogue shall take place at regular intervals and whenever necessary, in particular :
- (a) at ministerial level, mainly in the framework of the Association Council;
 - (b) at senior official level of Syria on the one part, and of the Presidency of the Council, assisted by the Secretary-General/High Representative, and the European Commission on the other;
 - (c) by taking full advantage of all diplomatic channels including regular briefings by officials, consultations on the occasion of international meetings and contacts between diplomatic representatives in third countries;
 - (d) whenever necessary, by any other means which would make a useful contribution to consolidating, developing and stepping up this dialogue.

TITLE II
FREE MOVEMENT OF GOODS
BASIC PRINCIPLES

Article 7

The Community and Syria shall gradually establish a free trade area over a transitional period lasting a maximum of 12 years starting from the date of 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 and its subsequent revisions, hereinafter referred to as the GATT.

CHAPTER I
ELIMINATION OF CUSTOMS DUTIES

Article 8

A customs duty includes any duty or charge of any kind imposed in connection with the importation or exportation of a good, including any form of surtax or surcharge in connection with such importation or exportation, but does not include any:

- (a) internal taxes or other internal charges imposed consistently with Article 24 (1);
- (b) antidumping or countervailing duties applied consistently with Articles 28 and 29;
- (c) fees or other charges imposed consistently with GATT Article VIII, most notably these fees and other charges shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection for domestic products or a taxation of imports or exports for fiscal purposes. They shall be based on specific rates that correspond to the real value of the service rendered.

Article 9

1. Customs duties on imports between the Parties shall be eliminated in accordance with the provisions of sections 1 and 2 below.
2. Customs duties on exports between the Parties shall be eliminated as from the date of entry into force of this Agreement.
3. For each product, the basic customs duty to which the tariff elimination provisions are to be applied shall be :
 - a) the European Community Common Customs Tariff actually applied erga omnes on the day of the signature of this Agreement;⁸
 - b) the Syrian tariff set out in Annex I.
4. If a Party reduces its applied customs duty rate from that mentioned in paragraph 3 and prior to the ending of the transitional period, the Tariff elimination provisions of that Party shall apply from the date of that reduction, to the reduced rates.
5. In the event of the accession of Syria to the WTO, the basic customs duty to which the tariff elimination provisions are to be applied shall be the WTO bound rate or

⁸ Council Regulation (EEC) No 2658/87 OJCE L 256, 07.09.1987, as yearly updated

other, if lower, effectively applied rate erga omnes as of the date of the accession. If, after the accession to the WTO, a tariff reduction is applied on a erga omnes basis, the reduced rate shall apply as the basic customs duty from the date of application of that reduction.

Article 10

No new customs duties shall be introduced nor shall those already applied be increased in trade between the Parties as from the date of signature of this Agreement.

Section 1

INDUSTRIAL PRODUCTS

Article 11

The provisions of this Section shall apply to products originating in the Community and Syria falling within Chapters 25 to 97 of the Combined Nomenclature and of the Syria customs tariff with the exception of the products listed in Annex II.

Article 12

Imports into the Community of products originating in Syria shall be allowed free of customs duties as defined in article 8.

Article 13

- (1) Customs duties as defined in Article 8 applicable to imports into Syria of products originating in the Community shall be submitted to a linear dismantling to zero according to the following scheme and schedule:
1. All duties at 1% and 3% listed in Annex I shall be abolished at the date of the entry into force of this Agreement.
 2. Except for products covered by paragraphs 7 and 8, all duties at 5% and 7% listed in Annex I shall be abolished in three years after the date of the entry into force of this Agreement.
 3. Except for products covered by paragraphs 7 and 8, all duties at 10% and 15% listed in Annex I shall be abolished in six years after the date of the entry into force of this Agreement.
 4. Except for products covered by paragraphs 7 and 8, all duties at 20% listed in Annex I shall be abolished in nine years after the date of the entry into force of this Agreement.
 5. Except for product 8703.23.91 and products covered by paragraphs 7 and 8, all duties at 30%, 40% and 50% listed in Annex I shall be abolished in twelve years after the date of the entry into force of this Agreement.
 6. Except for product 8703.23.92, all duties above 50% listed in Annex I 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.

7. For products covered by the Information Technology Agreement of the World Trade Organisation as listed in Protocol 8, all duties shall be abolished at the date of the entry into force of this Agreement.
 8. For products of the categories HS 28, 29, 30, 31, 35, 36, 37 and 38, all duties shall be abolished at the date of the entry into force of this Agreement.
 9. For product 8703.23.91 as specified in Annex I, the duty shall remain at 40% for three years after the date of the entry into force of this Agreement, and then be abolished in the nine remaining years of the transition period.
 10. For product 8703.23.92 as specified in Annex I, the duty shall remain at 60% for four years after the date of the entry into force of this Agreement, and then be abolished in the eight remaining years of the transition period.
- (2) In the event of serious difficulties for a given product, the schedule applicable under paragraph (1) 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 14

The provisions regarding the abolition of customs duties on imports shall also apply to customs duties of a fiscal nature.

Article 15

1. Exceptional measures of limited duration that derogate from the provisions of Article 13 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 import into Syria of products originating in the Community introduced by these measures may not exceed 25% ad valorem and shall maintain an element of preference for products originating in the Community. 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 the Community 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 Committee. They shall cease to apply at the latest on the expiry 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 Committee of any exceptional measures it intends to take. Within thirty days after this notification, the Community 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 Committee 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 Committee may decide on a different timetable.
2. By way of derogation from the fourth subparagraph of paragraph 1, the Association Committee 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-year transitional period.

Section 2

AGRICULTURAL, FISHERIES AND PROCESSED AGRICULTURAL PRODUCTS

Article 16

The provisions of this Section shall apply to products originating in the Community and Syria listed in chapters 1 to 24 of the Combined Nomenclature and of the Syria customs tariff and to the products listed in Annex II.

Article 17

The Community and Syria shall progressively establish a greater liberalisation of their reciprocal trade in agriculture, fisheries and processed agricultural products.

Article 18

1. Agricultural products originating in Syria shall benefit on import into the Community from the provisions set out in Protocol No. 1.
2. Agricultural products originating in the Community shall benefit on import into Syria from the provisions set out in Protocol No. 2.
3. Fisheries products originating in Syria shall benefit on import into the Community from the provisions set out in Protocol No. 3.
4. Fisheries products originating in the Community shall benefit on import into Syria from the provisions set out in Protocol No. 4.

Article 19

Trade in Processed Agricultural Products falling under this section shall be subject to the arrangements set out in Protocol No. 5.

Article 20

1. During the third year of implementation of the Agreement, the Community and Syria shall examine the situation in order to determine the measures to be applied by the Community and Syria from the beginning of the fourth year after the entry into force of the agreement, in accordance with the objective set out in Article 17.
2. Without prejudice to the provisions of the preceding paragraph and taking account of the volume of trade in agricultural products, fisheries products and processed agricultural products between the Parties and the particular sensitivity of such products, the Community and Syria shall examine in the Association Council, product by product and on a reciprocal and orderly basis, the possibilities of granting each other further concessions.

Article 21

1. The Parties shall co-operate in the area of sanitary and phytosanitary measures with the objectives 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 22

1. In the event of specific rules being introduced as a result of the implementation of its agricultural policy or of any alteration of the current rules or in the event of any alteration or extension of the provisions relating to the implementation of its agricultural policy, the Party concerned may amend the arrangements resulting from the Agreement in respect of the products concerned.
2. In such cases the Party concerned shall inform the Association Committee. At the request of the other Party, the Association Committee shall meet to take due account of the interests of the other Party.
3. If the Community or Syria, in applying paragraph 1, modifies the arrangements made by this Agreement for agricultural products, they shall accord imports originating in the other Party an advantage comparable to that provided for in this Agreement.
4. The application of this Article should be the subject of consultations in the Association Council.

CHAPTER 2 COMMON PROVISIONS

Article 23

All import or export prohibitions or restrictions in trade between the Parties, other than customs duties and taxes, whether made effective through quotas, import or export licenses or other measures, shall be eliminated upon the entry into force of this Agreement. No new such measures shall be introduced. This provision is without prejudice to the application of Articles 28 and 29.

Article 24

1. Imported products of the territory of the other Party shall not be subject, either directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products. Moreover, the Parties shall not otherwise apply internal taxes or other internal charges so as to afford protection to domestic production.
2. Imported products of the territory of the other Party shall be accorded treatment no less favourable than that accorded to like domestic products in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use. The provisions of this paragraph shall not prevent the application of differential internal transportation charges which are based exclusively on the economic operation of the means of transport and not on the origin of the product.
3. Neither Party shall establish or maintain any internal quantitative regulation relating to the mixture, processing or use of products in specified amounts or proportions which requires, directly or indirectly, that any specified amount or proportion of any product which is the subject of the regulation must be supplied from domestic

sources. Moreover, neither Party shall otherwise apply internal quantitative regulations so as to afford protection to domestic production.

4. The provisions of this Article shall not apply to laws, regulations, procedures or practices governing Government procurement as covered in articles 67 to 71.

Article 25

Anti-fraud cooperation

1. The Parties agree that administrative co-operation is essential for the implementation and the control of the preferential treatment granted under this Title and underline their commitment to combat irregularities and fraud in customs and related matters.
2. Where a Party has made a finding, on the basis of objective information, of a failure to provide administrative co-operation and/or of irregularities or fraud under this Title, the Party concerned may temporarily suspend the relevant preferential treatment of the product(s) concerned in accordance with this Article.
3. For the purpose of this Article a failure to provide administrative co-operation shall mean, *inter alia* :
 - a) a repeated failure to respect the obligations to verify the originating status of the product(s) concerned;
 - b) a repeated refusal or undue delay in carrying out and/or communicating the results of subsequent verification of the proof of origin;
 - c) a repeated refusal or undue delay in obtaining authorisation to conduct administrative co-operation missions to verify the authenticity of documents or accuracy of information relevant to the granting of the preferential treatment in question.

For the purpose of this Article a finding of irregularities or fraud may be made, *inter alia*, where there is a rapid increase, without satisfactory explanation, in imports of goods exceeding the usual level of production and export capacity of the other Party that is linked to objective information concerning irregularities or fraud.

4. The application of a temporary suspension shall be subject to the following conditions:
 - a) The Party which has made a finding, on the basis of objective information, of a failure to provide administrative co-operation and/or of irregularities or fraud in customs and related matters, the Party concerned shall without undue delay notify the Association Committee of its finding together with the objective information and enter into consultations within the Association Committee, on the basis of all relevant information and objective findings, with a view to reaching a solution acceptable to both Parties.
 - b) Where the Parties have entered into consultations within the Association Committee as above and have failed to agree on an acceptable solution within 3 months following the notification, the Party concerned may temporarily suspend the relevant preferential treatment of the product(s) concerned. A temporary suspension shall be notified to the Association Committee without undue delay.

- c) Temporary suspensions under this article shall be limited to that necessary to protect the financial interests of the Party concerned. They shall not exceed a period of six months, which may be renewed. Temporary suspensions shall be notified immediately after their adoption to the Association Committee. They shall be subject to periodic consultations within the Association Committee in particular with a view to their termination as soon as the conditions for their application are no longer given.
5. At the same time as the notification to the Association Committee under paragraph 4 (a) of this Article, the Party concerned should publish a notice to importers in its Official Journal. The notice to importers should indicate for the product concerned that there is a finding, on the basis of objective information, of a failure to provide administrative co-operation and/or of irregularities or fraud.

Article 25a

Management of administrative errors

In case of error by the competent authorities in the proper management of the preferential system at export, and in particular in the application of the provisions of the protocol to the present agreement concerning the definition of originating products and methods of administrative cooperation, where this error leads to consequences in terms of import duties, the contracting party facing such consequences may request the Association Council to examine the possibilities of adopting all appropriate measures with a view to resolving the situation.

Article 26

Application of the provisions of this Agreement shall be without prejudice to Council Regulation (EEC) N° 1911/91 of 26 June 1991 and Council Regulation (EC) N° 704/2002 of 25 March 2002 on the application of the provisions of Community law to the Canary Islands.

Article 27

1. The Agreement shall not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade, except insofar as they alter the trade arrangements provided for in the Agreement.
2. Consultation between the Community 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. In particular, in the event of a third country acceding to the Union, such consultation shall take place so as to ensure that account may be taken of the mutual interests of the Community and Syria.

Article 28

1. If one of the Parties finds that dumping is taking place in trade with the other Party within the meaning of Article VI of the General Agreement on Tariffs and Trade, it may take appropriate measures against this practice in accordance with the WTO Agreement on the implementation of Article VI of the General Agreement on Tariffs and Trade and related internal legislation.

2. This Article will not be subject to the provisions of Title V (Dispute Settlement) of this Agreement.

Article 29

1. The WTO Agreement on Subsidies and Countervailing Measures shall be applicable between the Parties.
2. If either Party finds that subsidy is taking place in trade with the other party within the meanings of Articles VI and XVI of the GATT 1994, it may invoke appropriate measures against this practice in accordance with the WTO Agreement on Subsidies and Countervailing Measures and related internal legislation.
3. This Article will not be subject to the provisions of Title V (Dispute Settlement) of this Agreement.

Article 30

1. The provisions of the Article XIX GATT 1994 and the WTO Agreement on Safeguards are applicable between the Parties.
2. Before applying safeguard measures pursuant to the provisions of the Article XIX GATT 1994 and the WTO Agreement on Safeguards, the Party intending to apply such measures shall supply the Association Committee with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

In order to find such a solution, the Parties shall immediately from the date of receiving the request from the requesting party hold consultations within the Association Committee. If, as a result of the consultations, the Parties do not reach an agreement within thirty days of the initiation of the consultations on a solution to avoid the application of the safeguard measures, the Party intending to apply safeguard measures may apply the provisions of the Article XIX GATT 1994 and the WTO Agreement on Safeguards.

3. In the selection of safeguard measures pursuant this article, the Parties shall give priority to those, which cause least disturbance to the achievement of the objectives of this Agreement. Such measures shall not exceed what is necessary to remedy the serious injury, and shall preserve the level of preference granted under this Agreement.
4. Safeguard measures shall be notified immediately to the Association Committee and shall be the subject of periodic consultations within the Committee, particularly with a view to their abolition as soon as circumstances permit.
5. This Article will not be subject to the provisions of Title V (Dispute Settlement) of this Agreement.

Article 31

1. Where compliance with the provisions of this title leads to:
re-export towards a third country of a product against which the exporting party maintains quantitative export restrictions, export duties, or measures having equivalent effect, or

a serious shortage, or threat thereof, of foodstuffs or of a product essential to the exporting Party;

and where the situations above referred to 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 paragraph 2.

2. In the selection of measures, priority must be given to those which least disturb the functioning of the arrangements in this Agreement. The measures shall be non discriminatory nor a disguised restriction on trade, and shall be eliminated when the conditions no longer justify their maintenance. In addition, the measures which 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.
3. Before taking the measures provided for in paragraph 1 and 2 of this Article or, as soon as possible in cases to which paragraph 4 of this Article applies, the Community or Syria, as the case may be, shall supply the Association Committee with the relevant information, with a view to seeking a solution acceptable to the parties. The difficulties arising from the situations referred to in paragraph 1 shall be submitted for examination to the Association Committee. The Committee may take any decision needed to put an end to the difficulties. If it has not taken such a decision within thirty days of the matter being referred to it, the exporting Party may apply appropriate measures on the exportation of the product concerned.
4. Where exceptional and critical circumstances requiring immediate action make prior information or examination, as the case may be impossible, the Community or Syria, whichever is concerned, may apply forthwith the precautionary measures necessary to deal with the situation and shall inform the other Party immediately thereof.
5. 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 32

Nothing in this Agreement shall preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security, of the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; the conservation of exhaustible natural resources; the protection of intellectual, industrial and commercial property or regulations concerning gold and silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 33

The concept of "originating products" for the application of the provisions of the present Title and the methods of administrative co-operation relating to them are set out in Protocol 6.

Article 34

The Combined Nomenclature shall be used for the classification of goods for imports into the Community. The Syrian customs tariff shall be applied to the classification of goods for imports into Syria.

Article 35

Syria shall aim at entering into negotiations with the countries having a customs union with the EU in view of establishing with these countries the same trade regime as in this Association Agreement for all areas covered by the customs union.

CHAPTER 3

CUSTOMS AND RELATED MATTERS

Article 36

Objectives

Parties recognise that the full implementation of the trade provisions and the consequent mutual benefits of enhanced trade flows resulting from tariff liberalisation should be flanked by efficient customs services. To this end, Parties agree that customs legislation and procedures shall be based upon simplification, harmonisation and computerisation, as well as upon the principles of non-discrimination, transparency and the need to avoid unnecessary procedural obstacles to trade. By these means parties commit themselves to facilitating legitimate trade, and effective controls to combat fraud and illicit trade.

Article 37

Customs and administrative cooperation

1. In order to ensure compliance with the provisions of this Title, and effectively respond to the objectives laid down in Article 1, the Parties shall base their cooperation upon the following principles and undertake to :
 - a) exchange information concerning customs legislation and procedures;
 - b) ensure the correct application of customs rules and procedures agreed by the Parties at a bilateral or multilateral level;
 - c) collaborate on legislative and operational initiatives relating to import, export and customs procedures, as well as towards ensuring an effective service to the business community;
 - d) cooperate on the computerisation of customs procedures and collaborate, where appropriate towards the establishment of common standards;
 - e) provide and ensure the freedom of transshipment operations and transit movements through their respective territories, in accordance with Article V of the GATT (1994) and implement agreed relevant international and/or regional standards and instruments applicable to transit;
 - f) ensure that all administrative fees and charges levied in respect of importation and exportation, are published in advance and are commensurate with services given, in accordance with Article VIII of GATT (1994);
 - g) establish as far as possible, common positions in international organisations in the field of customs such as the WTO, WCO, UN and UNCTAD; and
 - h) cooperate where appropriate on technical assistance, including the organisation of seminars and placements.
2. Notwithstanding paragraph 1, the administrations of both Parties shall provide mutual administrative assistance in customs matters in accordance with the provisions of Protocol 7.

Article 38

Customs and legislative procedures

1. The Parties agree that their respective trade and customs provisions and procedures shall be based upon:
 - a) the protection of legitimate trade through effective enforcement and compliance of legislative requirements;
 - b) legislation that avoids unnecessary burdens on economic operators, safeguards against fraud, and provides further facilitation for high levels of compliance;
 - c) each Party having a uniform Customs Code, applicable throughout its respective territory;
 - d) the application of modern customs techniques, including risk assessment, simplified procedures for entry and release of goods, post release controls, and company audit methods;

- e) procedures that are transparent, efficient and simplified, in order to reduce costs and increase predictability for economic operators, including small and medium sized companies;
 - f) the development of Information Technology-based systems, drawing upon international standards, for both export and import operations, to replace paper-based procedures and to enable the electronic exchange of all official data between traders and customs administrations, as well as between customs and other agencies, in order to facilitate the provision of rapid release procedures. Such systems may also provide for the payment of duties, taxes and other fees by electronic transfer;
 - g) rules and procedures that provide for advance binding rulings on customs matters, notably on tariff classification and rules of origin. A ruling may be modified or revoked at any time but only after notification to the affected operator and without retroactive effect unless the ruling has been made on the basis of incorrect or incomplete information being provided;
 - h) simplified procedures for authorised traders according to objective and non-discriminatory criteria, and which can be met by compliant small and medium sized enterprises as well as larger operators;
 - i) import provisions that do not include any requirements for pre-shipment inspections as defined by the WTO Agreement on Pre-shipment Inspection; and
 - j) rules that ensure that any penalties imposed for minor breaches of customs regulations or procedural requirements be proportionate and non-discriminatory and, in their application, do not result in unwarranted delays, pursuant to Article VIII of the GATT (1994).
2. In order to improve working methods, avoid unnecessary procedural obstacles to trade, as well as to ensure non-discrimination, transparency, efficiency, integrity and accountability of operations, the Parties shall :
- a) simplify requirements and formalities in respect of the release and clearance of goods; this shall include collaboration on the development of procedures enabling the submission of import or export data to a single agency; and co-ordination between customs and other control agencies so as to enable official controls upon import or export to be carried out, as far as possible, by a single agency.
 - b) take further steps towards the reduction, simplification and standardisation of data and documentation required by customs and other agencies, including the use of a Single Administrative Document (SAD) and data message, based on international standards and relying as far as possible on commercially available information.
 - c) apply the international rules and standards in the field of customs, including the substantive elements of the revised Kyoto Convention on the simplification and harmonisation of customs procedures.
 - d) provide effective, prompt and non-discriminatory procedures enabling the right of appeal, against customs and other agency administrative actions, rulings and decisions affecting import or export of goods, in conformity with Article X of the GATT (1994).

- e) ensure that the highest standards of integrity be maintained, through application of measures reflecting the principles of the relevant international conventions and instruments in this field.

Article 39

Relations with the Business Community

The Parties agree :

- 1) on the need for timely consultation with trade representatives on legislative proposals and general procedures related to customs and trade issues. To that end, appropriate consultation mechanisms between administrations and the business community, shall be established by each Party;
- 2) to publish, as far as possible through electronic means, and publicise new legislation and general procedures related to customs and trade issues prior to the introduction of any such legislation and procedures, as well as changes to and interpretations of such legislation and procedures. They shall also make publicly available relevant notices of an administrative nature, including agency requirements and entry procedures, hours of operation and operating procedures for customs offices at ports and border crossing points, and points of contact for information enquiries;
- 3) to foster co-operation between operators and relevant administrations via the use of non-arbitrary and publicly accessible Memoranda of Understanding, based on those promulgated by the WCO;
- 4) to ensure that their respective customs and related requirements and procedures continue to meet the needs of the trading community, follow best practices, and where changes in circumstances allow the objectives of those requirements or procedures to be achieved in a less burdensome or trade restrictive manner, to adjust those procedures accordingly.

Article 40

Customs valuation

1. The WTO Customs Valuation Agreement, without reserves and options, shall govern customs valuation rules applied to reciprocal trade between the Parties.
2. The Parties shall cooperate with a view to reaching a common approach to issues relating to customs valuation, in particular the elaboration of a "code of good practice" in relation to working methods and operational aspects, the use of indicative or reference indices, appropriate documentation to certify the accuracy of the customs value and the use of securities.

Article 41

Review

Provisions laid down in articles 38 to 40 will be subject to yearly stocktaking by the Association Committee.

Article 42

Special committee on customs

1. The Parties hereby establish a Special Committee on Customs Cooperation and Rules of Origin, composed of representatives of the Parties. The Committee shall meet on a date and with an agenda agreed in advance by the Parties. The office of chairperson of the Committee shall be held alternately by each of the Parties. The Committee shall report to the Association Committee.
2. The functions of the Committee shall include :
 - a) monitoring the implementation and administration of this section and of the Protocol on rules of origin;
 - b) providing a forum to consult and discuss on all issues concerning customs, including in particular customs procedures, customs valuation, tariff regimes, customs nomenclature, customs cooperation and mutual administrative assistance in customs matters;
 - c) providing a forum to consult and discuss on issues relating to rules of origin and administrative cooperation;
 - d) enhancing cooperation on the development, application and enforcement of customs procedures, mutual administrative assistance in customs matters, rules of origin and administrative cooperation.
3. The Parties may agree to hold ad hoc meetings for customs cooperation or for rules of origin and mutual administrative assistance.

TITLE III
RIGHT OF ESTABLISHMENT AND SERVICES
CHAPTER 1
RIGHT OF ESTABLISHMENT

Article 43

1.
 - a) The Community and its Member States shall grant for the establishment of Syrian companies treatment no less favourable than that accorded to like companies of any third country;
 - b) without prejudice to the reservations listed in Annex III, the Community and its Member States shall grant to subsidiaries of Syrian companies established in a Member State treatment no less favourable than that accorded to any like Community company, in respect of their operations;
 - c) the Community and its Member States shall grant to branches of Syrian companies, established in a Member State, treatment no less favourable than that accorded to like branches of companies of any third country, in respect of their operations.
2.
 - (a) without prejudice to the reservations listed in Annex IV, Syria shall grant for the establishment of Community companies in its territory treatment no less favourable than that accorded to like Syrian companies or to companies of any third country, whichever is the better;
 - b) Syria shall grant to subsidiaries of Community companies established in its territory, treatment no less favourable than that accorded to like Syrian companies, in respect of their operations;
 - c) Syria shall grant to branches of Community companies established in its territory, treatment no less favourable than that accorded to like branches of companies of any third country, in respect of their operations.
3. The provisions of paragraphs 1(b) and 2(b) cannot be used so as to circumvent a Party's legislation and regulations applicable to access to specific sectors or activities by subsidiaries or branches of companies of the other Party established in the territory of such first Party.

The treatment referred to in paragraphs 1(b), 1(c) and 2(b) shall benefit companies, subsidiaries, and branches established in the Community and Syria respectively at the date of entry into force of this Agreement and companies, subsidiaries and branches established after that date once they are established.

Article 44

1. The provisions of Article 43 shall not apply to air transport, inland waterways transport and maritime transport.
2. However, in respect of activities undertaken by shipping agencies for the provision of international maritime transport services, including multi-modal activities involving a sea leg, each Party shall permit to the companies of the other Party their

commercial presence in its territory in the form of subsidiaries or branches, under conditions of establishment and operation no less favourable than those accorded to its own companies or to subsidiaries or branches of companies of any third country whichever are the better. Such activities include, but are not limited to:

- a) marketing and sales of maritime transport and related services through direct contact with customers, from quotation to invoicing, whether these services are operated or offered by the service supplier itself or by service suppliers with which the service seller has established standing business arrangements;
- b) purchase and use, on their own account or on behalf of their customer (and the resale to their customers) of any transport and related services, including inward transport services by any mode, particularly inland waterways, road and rail, necessary for the supply of an integrated service;
- c) preparation of documentation concerning transport documents, customs documents, or other documents related to the origin and character of the goods transported;
- d) provision of business information of any means, including computerised information systems and electronic data interchange (subject to any non-discriminatory restrictions concerning telecommunications);
- e) setting up of any business arrangement, including participation in the company's stock and the appointment of personnel recruited locally (or, in the case of foreign personnel, subject to the relevant provisions of this Agreement), with any locally established shipping agency;
- f) acting on behalf of the companies, organising the call of the ship or taking over cargoes when required.

Article 45

For the purpose of this Agreement:

- a) a "Community company" or "Syrian company" respectively shall mean a company set up in accordance with the laws of a Member State or of Syria respectively and having its registered office or central administration or principal place of business in the territory of the Community or Syria respectively.

However, should the company, set up in accordance with the laws of a Member State or Syria respectively, have only its registered office in the territory of the Community or Syria respectively, the company shall be considered a Community or Syrian company respectively if its operations possess a real and continuous link with the economy of one of the Member States or Syria respectively;

- b) "subsidiary" of a company shall mean a company which is controlled by the first company;
- c) "branch" of a company shall mean a place of business not having legal personality which has the appearance of permanency, such as the extension of a parent body, has a management and is materially equipped to negotiate business with third parties so that the latter, although knowing that there will if necessary be a legal link with the parent body, the head office of which is

abroad, do not have to deal directly with such parent body but may transact business at the place of business constituting the extension;

- d) "establishment" shall mean the right of Community or Syrian companies as referred to in point (a) to take up economic activities by means of the setting up of subsidiaries and branches in Syria or in the Community respectively;
- e) "operation" shall mean the pursuit of economic activities;
- f) "economic activities" shall mean activities of an industrial, commercial and professional character;
- g) "national of a Member State or of Syria" shall mean a physical person who is a national of one of the Member States or of Syria respectively;
- h) with regard to international maritime transport, including inter-modal operations involving a sea leg, nationals of the Member States or of Syria established outside the Community or Syria respectively, and shipping companies established outside the Community or Syria and controlled by nationals of a Member State or Syrian nationals respectively, shall also be beneficiaries of the provisions of this Chapter and Chapter 2 if their vessels are registered in that Member State or in Syria respectively in accordance with their respective legislation.

Article 46

1. The Parties shall use their best endeavours to avoid taking any measures or actions which render the conditions for the establishment and operation of each other's companies more restrictive than the situation existing on the day preceding the date of signature of the Agreement.
2. The provisions of this Article are without prejudice to those of Article 57. The situations covered by Article 57 shall be solely governed by its provisions to the exclusion of any other.

Article 47

1. A Community company or Syrian company established in the territory of Syria or the Community respectively shall be entitled to employ, or have employed by one of its subsidiaries or branches, in accordance with the legislation in force in the host country of establishment, in the territory of Syria and the Community respectively, employees who are nationals of Community Member States and Syria respectively, provided that such employees are key personnel as defined in paragraph 2, and that they are employed exclusively by such companies, subsidiaries or branches. The residence and work permits of such employees shall only cover the period of such employment.
2. Key personnel of the above mentioned companies herein referred to as "organisations" are "intra-corporate transferees" as defined in (c) in the following categories, provided that the organisation is a legal person and that the persons concerned have been employed by it or have been partners in it (other than as majority shareholders), for at least the year immediately preceding such movement :
 - a) persons working in a senior position with an organisation, who primarily direct the management of the establishment, receiving general supervision or

direction principally from the board of directors or stockholders of the business or their equivalent, including :

directing the establishment or a department or sub-division of the establishment;

supervising and controlling the work of other supervisory, professional or managerial employees;

having the authority personally to recruit and dismiss or recommend recruiting, dismissing or other personnel actions;

- b) persons working within an organisation who possess uncommon knowledge essential to the establishment's service, research equipment, techniques or management. The assessment of such knowledge may reflect, apart from knowledge specific to the establishment, a high level of qualification referring to a type of work or trade requiring specific technical knowledge, including membership of an accredited profession;
- c) an "intra-corporate transferee" is defined as a natural person working within an organisation in the territory of a Party, and being temporarily transferred in the context of pursuit of economic activities in the territory of the other Party; the organisation concerned must have its principal place of business in the territory of a Party and the transfer be to an establishment (branch, subsidiary) of that organisation, effectively pursuing like economic activities in the territory of the other Party.

3. The entry into and the temporary presence within the respective territories of Syria and the Community of nationals of the Member States or of Syria respectively, shall be permitted, when these representatives of companies are persons working in a senior position, as defined in paragraph 2(a) above, within a company, and are responsible for the establishment of a Syrian or a Community company, in the Community or Syria respectively, when :

- a) those representatives are not engaged in making direct sales or supplying services, and
- b) the company has no other representative, office, branch or subsidiary in a Community Member State or Syria respectively.

Article 48

In order to make it easier for Community nationals and Syrian nationals to take up and pursue regulated professional activities in Syria and the Community respectively, the Association Council shall examine what steps are necessary to be taken to provide for the mutual recognition of qualifications.

Article 49

The provisions of Article 43 do not preclude the application by a Party of particular rules concerning the establishment and operation in its territory of branches of companies of another Party not incorporated in the territory of the first Party, which are justified by legal or technical differences between such branches as compared to branches of companies incorporated in its territory or, as regards financial services, for prudential reasons. The

difference in treatment shall not go beyond what is strictly necessary as a result of such legal or technical differences or, as regards financial services, for prudential reasons.

CHAPTER 2

CROSS-BORDER SUPPLY OF SERVICES

Article 50

1. The Parties shall use their best endeavours to allow progressively the supply of services by Community or Syrian companies who are established in the territory of a Party other than that of the person for whom the services are intended, taking into account the development of the services sectors in the Parties.
2. The Association Council shall make recommendations for the implementation of the objective mentioned in paragraph 1.

Article 51

With a view to assuring a co-ordinated development of transport between the Parties, adapted to their commercial needs, the conditions of mutual market access and provision of services in transport by air, road, rail and inland waterways may be dealt with by specific agreements where appropriate negotiated between the Parties after the entry into force of this Agreement.

Article 52

1. With regard to maritime transport the Parties undertake to apply effectively the principle of unrestricted access to the international market and traffic on a commercial basis.
 - a) The Parties shall continue to effectively apply the principle of unrestricted access to the international maritime market and trade on a commercial and non-discriminatory basis;
 - b) the Parties affirm their commitment to a freely competitive environment as being an essential feature of the dry and liquid bulk trade.
2. In applying the principles of paragraph 1, the Parties shall :
 - a) not introduce cargo-sharing arrangements in future bilateral Agreements with third countries concerning dry and liquid bulk and liner trade. However, this does not exclude the possibility of such arrangements concerning liner cargo in those exceptional circumstances where liner shipping companies from one or other Party to this Agreement would not otherwise have an effective opportunity to apply for trade to and from the third country concerned;
 - b) upon entry into force of this Agreement, abolish and abstain from introducing any unilateral measures and administrative, technical and other obstacles which could have restrictive or discriminatory effects on the free supply of services in international maritime transport.

Each Party shall grant, inter-alia, a treatment no less favourable than that accorded to its own ships, for the ships used for the transport of goods, passengers or both, flying the Flag of, or operated by nationals or companies of the other Party, with respect to access to ports, the use of infrastructure and auxiliary maritime services of those ports, as well as related fees and

charges, customs facilities and the assignment of berths and facilities for loading and unloading.

CHAPTER 3 GENERAL PROVISIONS

Article 53

1. The Parties undertake to consider development of this Title with a view to the establishment of an "economic integration agreement" as defined in Article V of the General Agreement on Trade in Services (GATS).
2. The objective provided for in paragraph 1 shall be subject to a first examination by the Association Council at the latest five years after the entry into force of this Agreement.
3. The Association Council shall, when making such examination, take into account progress made in the approximation of laws between the Parties in the relevant activities.

Article 54

1. The provisions of this Title shall be applied subject to limitations justified on grounds of public policy, public security or public health.
2. They shall not apply to activities which in the territory of either Party are connected, even occasionally, with the exercise of official authority.

Article 55

For the purpose of this Title, nothing in this Agreement shall prevent the Parties from applying their laws and regulations regarding entry and stay, work, labour conditions and establishment of natural persons and supply of services, provided that, in so doing, they do not apply them in a manner as to nullify or impair the benefits accruing to any Party under the terms of a specific provision of the Agreement. This provision does not prejudice the application of Article 54.

Article 56

Companies which are controlled and exclusively owned by Syrian companies and Community companies jointly shall also be beneficiaries of the provisions of this Title.

Article 57

Treatment granted by either Party to the other hereunder shall, in respect of sectors or measures covered by the GATS, in no case be more favourable than that accorded by such first Party under the provisions of the GATS and this in respect of each service sector, sub-sector and mode of supply.

Article 58

For the purpose of this Title, no account shall be taken of treatment accorded by the Community, its Member States or Syria pursuant to commitments entered into in economic integration agreements in accordance with the principles of Article V of the GATS.

Article 59

1. Notwithstanding any other provisions of the Agreement, a Party shall not be prevented from taking measures for prudential reasons, including for the protection of investors, depositors, policy holders or persons to whom a fiduciary duty is owed by a financial service supplier, or to ensure the integrity and stability of the financial system. Where such measures do not conform with the provisions of the Agreement, they shall not be used as a means of avoiding the obligations of a Party under the Agreement.
2. Nothing in the Agreement shall be construed to require a Party to disclose information relating to the affairs and accounts of individual customers or any confidential or proprietary information in the possession of public entities.

Article 60

The provisions of this Agreement shall not prejudice the application by each Party of any measures necessary to prevent the circumvention of its measures concerning third country access to its market, through the provisions of this Agreement.

TITLE IV
PAYMENTS, CAPITAL MOVEMENTS AND OTHER ECONOMIC MATTERS
CHAPTER 1
PAYMENTS AND CAPITAL MOVEMENTS

Article 61

Subject to the provisions of Article 63, the Parties undertake to allow all current payments for current transactions to be made in a freely convertible currency.

Article 62

1. With regard to transactions on the capital account of balance of payments, the Community and Syria shall ensure, from the entry into force of this agreement, that capital relating to foreign direct investments in Syria in companies formed in accordance with current laws and investments made in accordance with the provisions of the Title on Establishment and Services can move freely, and that the yield from such investments and any profit stemming therefrom can be freely liquidated and repatriated.
2. The Parties shall consult each other with a view to facilitating, and further liberalising, the movement of capital between the Community and Syria.

Article 63

Where one or more Member States of the Community or Syria face or risk facing serious difficulties concerning balance of payments, the Community and Syria respectively may, in conformity with the conditions laid down within the framework of the GATT and with Articles VIII and XIV of the Articles of Agreement of the International Monetary Fund, take restrictive measures with regard to current payments if such measures are strictly necessary.

The Community or Syria, as appropriate, shall inform the other Party immediately thereof and shall provide as soon as possible a timetable for the removal of such measures.

CHAPTER 2
COMPETITION

Article 64

1. The following are incompatible with the proper functioning of the Agreement, in so far as they may affect trade between the Community and Syria:
 - 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 a dominant position in the territories of the Community or Syria as a whole or in a substantial part thereof.
2. The Parties will co-operate in the enforcement of their respective competition legislation and shall exchange information taking into account the limitations imposed by the requirements of professional and business secrecy. The modalities for this co-operation are set out in Annex V.

3. If the Community or Syria considers that a particular practice is incompatible with the terms of the first paragraph of this Article, and if such practice causes or threatens to cause serious prejudice to the other Party it may take appropriate measures after consultation within the Association Committee or after thirty working days following referral for such consultation.

Article 65

The Member States and Syria shall progressively adjust, without prejudice to their commitments respectively taken or to be taken under the GATT, any State monopolies 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 exists between nationals of the Member States and Syria. The Association Committee will be informed about the measures adopted to implement this objective.

Article 66

With regard to public enterprises and enterprises to which special or exclusive rights have been granted, the Association Council shall ensure that as from the fifth year following the date of entry into force of this Agreement there is neither enacted nor maintained any measure distorting trade between the Community and Syria to an extent contrary to the Parties' interests. This provision should not obstruct the performance in law or in fact of the particular tasks assigned to these enterprises.

CHAPTER 3 GOVERNMENT PROCUREMENT

Article 67

Government Procurement

1. The Parties shall set as their objective the effective, reciprocal and gradual opening of the government procurement markets.
2. Each Party shall ensure that the procurement of its entities covered in Annex VII takes place in a transparent, reasonable and non-discriminatory manner, according to the definition provided in Annex VII, treating any supplier of either Party equally and ensuring the principle of open and effective competition.
3. With respect to any laws, regulations, procedures, and practices regarding government procurement, as well as specific procurements, covered by this Agreement, each Party shall grant the goods, services and suppliers of the other Party a treatment no less favourable than that accorded by it to domestic goods, services and suppliers.
4. With respect to any laws, regulations, procedures and practices regarding government procurement, as well as specific procurements, covered by this Agreement, each Party shall ensure that its entities listed in Annex VII:
 - a) do not treat a locally-established supplier less favourably than any other locally-established supplier on the basis of the degree of foreign affiliation to, or ownership by, a person of the other Party; and

- b) do not discriminate against a locally-established supplier on the basis that the goods or services offered by that supplier for a particular procurement are goods or services of the other Party.
5. With respect to any laws, regulations, procedures and practices regarding government procurement, as well as specific procurements, opened to goods, services and suppliers of third countries, Syria shall provide to the goods and suppliers of the other Party treatment no less favourable than that accorded to foreign goods, services and suppliers of any third country.

With respect to all laws, regulations, procedures and practices regarding government procurement covered by the Government Procurement Agreement (GPA), the European Communities shall provide immediately and unconditionally to the goods, services and suppliers from Syria treatment no less favourable than that accorded to goods, services and suppliers of the Parties to the GPA.

6. The Parties will regularly review the effective opening of procurement markets and in no later than three years will enter into negotiations aiming at extending the list of covered entities in Annex VII.

7. Nothing in this article shall be construed:

to require a Party to furnish any information the disclosure of which it considers contrary to its essential security interest;

to prevent a Party from taking any action it considers necessary for the protection of its essential security interests relating to government procurement indispensable for national security or for national defence purposes.

8. This article shall not be applicable to contracts awarded pursuant to:

an international agreement intended for the joint implementation or exploitation of a project by the contracting parties;

an international agreement relating to the stationing of troops;

the particular procedures of an international organization;

a non-contractual agreement or any form of government assistance and procurement made in the framework of assistance or co-operation programmes.

Article 68

Transparency of Government Procurement

1. Each Party shall promptly publish any law, regulation, judicial decision and administrative ruling of general application and procedure, including standard contract clauses, regarding procurement covered by this Title in the appropriate publications referred to in Annex VII including officially designated electronic media.
2. Each Party shall promptly publish in the same manner all modifications to such measures.
3. Each Party shall ensure that its entities provide for effective dissemination of the tendering opportunities generated by the relevant government procurement processes, providing suppliers of the other Party with all the information required to take part in such procurement.

4. Dissemination of procurement opportunities shall contain the information as set out in Annex VII and shall be published in a timely manner through means which offer the widest possible and non-discriminatory access to the interested suppliers of the Parties. These means are specified in Annex VII.

Article 69

Time limits of Government Procurement

1. All time-limits established by the entities for the receipt of tenders and requests to participate shall be adequate to allow suppliers of the other Party, as well as domestic suppliers, to prepare and to submit tenders, and where appropriate, requests for participation or applications for qualifying. In determining any such time-limit, entities shall, consistent with their own reasonable needs, take into account such factors as the complexity of the intended procurement and the normal time for transmitting tenders from foreign as well as domestic points.
2. Each Party shall ensure that its entities shall take due account of publication delays when setting the final date for receipt of tenders or of request for participation or for qualifying for the supplier's list.
3. The minimum time-limits for the receipt of tenders are specified in Annex VII.

Article 70

Bid challenges

1. Each Party shall provide non-discriminatory, timely, transparent and effective procedures enabling suppliers to challenge alleged breaches of this Agreement in the context of procurements in which they have, or have had, an interest.
2. Challenges shall be heard by an impartial and independent reviewing authority. A reviewing authority which is not a court shall either be subject to judicial review or shall have procedural guarantees similar to those of a court.

Article 71

Co-operation and assistance in Government Procurement

1. The Parties will co-operate in the area of government procurement by exchanging experience and information about best practices and regulatory frameworks.
2. The Parties shall endeavour to co-operate with a view to achieve a better understanding of their respective government procurement systems, as well as a better access to their respective markets.
3. Technical assistance shall be provided upon duly motivated request, in particular through jointly developed training programmes.

CHAPTER 4

OTHER ECONOMIC MATTERS

Article 72

Intellectual, Industrial and Commercial Property Rights

1. Pursuant to provisions of this article and of Annex VI, the parties shall grant and ensure adequate and effective protection of intellectual, industrial and commercial property rights⁹ in accordance with the highest international standards including the rules set by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Annex IC to the agreement establishing the World Trade Organization, as well as effective means of enforcing such rights.
2. The implementation of this Article and Annex VI shall be regularly reviewed by the Parties.

Article 73

Standards, Technical Regulations, and Conformity Assessment Procedures

1. The rights and obligations relating to standards, technical regulations and conformity assessment procedures under the WTO Agreement on Technical Barriers to Trade, including the provision according to which "members shall ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade", shall apply.
2. The Parties shall take appropriate steps to encourage the use by Syria of Community technical rules and European standards for industrial products and certification procedures.
3. Using the principles set out in paragraph 2 as a basis, the Parties shall, when the circumstances are right, conclude agreements on conformity assessment.
4. Co-operation shall be aimed at helping Syria to bring its legislation closer to that of the Community in this area.

⁹ For the purpose of this Agreement, intellectual, industrial and commercial property rights embody copyright, including copyright in computer programs and in databases, and neighbouring rights, the rights related to patents, industrial designs, geographical indications, including appellations of origin, indications of source, trademarks, service marks, trade names, layout- designs (topographies) of integrated circuits, plant varieties, protection of undisclosed information and the protection against unfair competition as referred to in Article 10 bis of the Paris Convention for the Protection of Industrial Property (Stockholm Act 1967), as well as any other rights protected by the multilateral conventions listed in Annex VI.

TITLE V
DISPUTE SETTLEMENT
CHAPTER I
OBJECTIVE AND SCOPE

Article 74

Objective

The objective of this Title is to settle trade disputes between the Parties with a view to arrive at, where possible, mutually agreed solutions.

Article 75

Scope

The provisions of this Title shall apply with respect to any differences concerning the interpretation and application of Titles II to V, including where a Party considers that a measure of the other Party is in breach of these Titles, except where otherwise expressly provided.

CHAPTER II
DISPUTE AVOIDANCE
CONSULTATIONS AND MEDIATION

Article 76

Consultations

1. The Parties shall endeavour to resolve any differences on the interpretation and application of Titles II to V by entering into good faith consultations with the aim of reaching a mutually agreed solution.
2. A Party shall seek consultations through written request to the other Party, copied to the Trade Committee, stating how a measure adversely affects its rights. The relevant provisions of these Titles must also be cited.
3. Consultations shall be held within 30 days of the request being delivered and will, unless the Parties agree otherwise, be held on the territory of the defending Party. The consultations shall be deemed concluded within 60 calendar days from the date of the consultation request, unless both Parties agree to continue consultations. All information disclosed during the consultations shall remain confidential.
4. If consultations are not held within the timeframe laid down in paragraph 3, and no agreement has been reached on a mutually agreed solution, then the complaining Party may proceed directly to request the establishment of an arbitration panel in accordance with Article 78.

Article 77

Mediation

1. If consultations fail to produce a mutually agreed solution, the Parties may, by mutual agreement, seek recourse to mediation by a mediator appointed by the Trade

Committee. Any request for mediation must be made in writing, and state the measure which has been the subject of consultations, as well as the mutually agreed terms of reference for the mediation.

2. The Chairperson of the Trade Committee will appoint within 10 days of receipt of the request a mediator selected by lot from the persons included in the list referred to in Article 79 paragraph 2 who is not a national of either of the Parties. The mediator will convene a meeting with the Parties no later than 30 days after being appointed. The mediator will be supplied with the submissions of both parties no later than 15 days before the meeting and will issue an opinion no later than 45 days after having been appointed. The mediator's opinion may include a recommendation on the steps that are consistent with these Titles by which the dispute could be resolved. The mediator's opinion will be non-binding.
3. The time-frames referred to in paragraph 2 above may be amended, should circumstances so demand, with the agreement of both Parties. Any amendment must be notified in writing by both Parties to the Trade Committee.
4. In the event that mediation produces a mutually agreed solution to the dispute, both Parties must notify the Trade Committee in writing.

CHAPTER III

DISPUTE SETTLEMENT PROCEDURES

Article 78

Initiation of the arbitration panel

1. Where the Parties have failed to resolve the dispute by recourse to consultations as detailed in Article 76, or where the Parties have had recourse to mediation as detailed in Article 77 and no mutually agreed solution has been notified within 15 days of the issuance of the mediator's opinion, or if a Party fails to comply with the mutually agreed solution, the complaining Party may seek the establishment of an arbitration panel upon written request to the defending Party and simultaneously to the Trade Committee.
2. The complaining party shall state in its request the measure it considers to be in breach of these Titles and indicate the provisions considered relevant.

Article 79

Appointment of arbitrators

1. An arbitration panel shall be composed of three arbitrators.
2. The Trade Committee shall, no later than six months after the entry into force of this Agreement, establish a list of 15 individuals who are willing and able to serve as arbitrators. Each of the Parties may select 5 individuals to serve as arbitrators. The two Parties shall agree on 5 individuals that are not nationals of either Party. The Trade Committee will ensure that the list is always maintained at this level.
3. Arbitrators should have specialised knowledge or experience in law and/or international trade. They should be independent, serve in their individual capacities

and not be affiliated with, or take instructions from, any organisation or government¹⁰ and shall comply with the Code of Conduct set out in Annex VIII.

Article 80

Composition of the arbitration panel

1. Within 10 days from the request for a panel being submitted to the Trade Committee the Parties will consult in order to reach agreement on the composition of the arbitration panel. In the event that the Parties are unable to agree on its composition within this timeframe, either party may request the chairperson of the Trade Committee, or their delegate, to select all three members by lot, drawing one name from each of the three categories of panellists (i.e. the list supplied by each Party composed of their own nationals, and the combined list of non-nationals of either Party). In case the Parties agree on one or more of the members of the arbitration panel, any remaining members shall be appointed by lot from the relevant lists. The arbitration panel will always be composed of a national from each of the parties and a non-national of either party, the latter acting as chairperson.
2. The date of establishment of the arbitration panel shall be the date on which the three arbitrators are selected.
3. Where a Party considers that an arbitrator does not comply with the requirements of the Code of Conduct, the Parties shall consult, and if so agreed, they shall replace the arbitrator and select a replacement pursuant to paragraph 4. In the event that the parties fail to agree on the need to replace an arbitrator, the matter will be referred to the chairperson¹¹ of the arbitration panel whose decision will be final.
4. If an arbitrator is unable to participate in the proceeding, withdraws or is replaced pursuant to paragraph 3, a replacement shall be selected within 5 days in accordance with the selection procedures followed to appoint the original arbitrator. The panel proceedings will be suspended for the period during which this procedure is undertaken.

Article 81

Rules of Procedure

1. The Trade Committee shall apply the Rules of Procedure, agreed between the Parties and annexed to this Agreement, for the conduct of the arbitration panel proceedings.
2. The sessions of the arbitration panel shall be open to the public in accordance with the Rules of Procedure, unless the arbitration panel of its own motion, or on application of the parties, decides otherwise.

¹⁰ This does not preclude Government or Civil Servants from being arbitrators. However they should act strictly in an ad personam basis and therefore must not take instructions from either their own National Government or its agencies. The same applies to instructions from any source be it an non-governmental organisation or government of a third country

¹¹ Where a Party considers that the chairman of the arbitration panel does not comply with the Code of Conduct, then the matter will be referred to one of the remaining members of the pool of third country nationals, their name being drawn by lot by the Trade Committee, unless agreed between the Parties.

Article 82

Information and Technical advice

At the request of a Party, or upon their own initiative, the panel may obtain information from any source it deems appropriate for the panel proceeding. The panel will also have the right to seek the opinion of experts as it deems appropriate. Any information obtained in this manner must be disclosed to both Parties. Interested parties shall be authorised to submit *amicus curiae* briefs to the arbitration panels in accordance with the Rules of Procedure.

Article 83

Applicable Law

The arbitration panel shall interpret the provisions of these Titles in accordance with customary rules of interpretation of public international law including the Vienna Convention on the Law of Treaties.

Article 84

Arbitration panel ruling

1. The arbitration panel shall transmit its ruling to the Parties and the Trade Committee within ninety days following the establishment of the panel. Where it considers that this deadline cannot be met, the chairperson of the panel must notify the Trade Committee and Parties in writing, stating the reasons for the delay. Under no circumstances should the ruling be issued later than one hundred and twenty days following the establishment of the panel.
2. The ruling shall set out the findings of fact, the applicability of the relevant provisions of these Titles and the basic rationale behind any findings and conclusions that it makes.
3. In cases of urgency, including those involving perishable goods, the arbitration panel shall make every effort to issue its ruling within seventy-five days from the establishment of the panel. Under no circumstance should it take longer than one hundred days from the establishment of the panel. The arbitration panel may give a preliminary ruling within ten days from its establishment on whether it deems the case to be urgent.
4. All decisions of the arbitration panel, including the adoption of the ruling, shall be taken by majority vote.
5. The complaining Party may withdraw its complaint by written notification to the chairpersons of the arbitration panel and the Trade Committee, as well as the other Party, at any time before the ruling is transmitted to the Parties and the Trade Committee. Such withdrawal is without prejudice to its right to introduce a new complaint regarding the same matter at a later point in time.
6. The arbitration panel may, at the request of both Parties, suspend its work at any time for a period not exceeding twelve months. Once the period of twelve months has been exceeded, the authority for the establishment of the panel will lapse, without prejudice to the right of the complaining Party to request at a later stage the establishment of a panel on the same subject matter.

Article 85

Compliance with Ruling

1. Each Party shall take the measures necessary to comply with the ruling of the arbitration panel, and the Parties will endeavour to agree on the time required in order to implement the ruling.
2. No later than 30 days after the issuance of the ruling to the Parties, the defending Party shall notify the complaining Party of the time-frame (hereinafter "reasonable period of time") it will require for implementation. Both parties should aim to agree on the reasonable period of time.
3. In the event that there is disagreement between the Parties on the reasonable period of time to implement the arbitration panel's ruling, the complaining Party shall request the Trade Committee to reconvene the original arbitration panel to determine its length. Once convened by the Trade Committee, the arbitration panel will issue its ruling within 20 days from the date of its re-establishment. In the event the original panel, or some of its members, is unable to reconvene, then the procedures detailed in Article 80 apply. The period for issuing its ruling in this instance remains 20 days from the date of the panel's establishment.
4. The Party concerned shall notify to the other Party and to the Trade Committee before the end of the reasonable period of time the implementing measures that it has adopted or intends to adopt in order to comply with the ruling of the arbitration panel.
5. In the event that there is disagreement between the Parties as to the consistency of the measure in relation to these Titles and as notified under paragraph 4 then the complaining Party may seek recourse to the original arbitration panel to rule on the matter upon written application to the Trade Committee stating how the measure is inconsistent with these Titles. Once convened by the Trade Committee the arbitration panel will issue its ruling within 45 days from the date of its re-establishment.
6. In the event the original arbitration panel, or some of its members, is unable to reconvene, then the procedures detailed in Article 80 apply. The period for issuing its ruling in this instance remains 45 days from the date of the panel's establishment.
7. If the Party concerned fails to notify the implementing measures before the expiry of the reasonable period of time the defending Party shall if so requested by the complaining Party, present an offer for temporary compensation. If no agreement on compensation has been reached within 30 days of the end of the reasonable period of time, the complaining Party shall be entitled, upon notification to the Trade Committee, to suspend the application of benefits granted under Titles II to V equivalent to the nullification and impairment caused by the measure that has been found to violate these Titles. The notification shall be delivered simultaneously to the other Party. The complaining Party may implement the suspension ten days after the date of the notification, unless the defending Party has requested arbitration under paragraph 8.
8. If the defending Party considers that the level of suspension is not equivalent to the nullification and impairment caused by the measure, then a written request shall be made to the Trade Committee before the expiry of the ten day period mentioned in paragraph 7 for the reconvening of the original arbitration panel. The Trade Committee shall be informed of the ruling by the arbitration panel on the level of the

suspension of benefits within 30 days from the date of the request for its establishment. Benefits shall not be suspended until the arbitration panel has issued its ruling and any suspension shall be consistent with the ruling of the arbitration panel.

9. The suspension of benefits shall be temporary and shall only be applied until the measure found to violate this Title II to V has been withdrawn or amended so as to bring it into conformity with these Titles, or in the case where the Parties have agreed on a resolution of the dispute. If the defending Party considers that it has taken measures to implement the ruling, yet the suspension of benefits is maintained, the defending party may seek recourse to the original arbitration panel for a ruling on whether such suspension should be terminated or modified. The ruling shall be issued within 45 days of the written request for its re-establishment.
10. In the event the original arbitration panel, or some of its members, is unable to reconvene, then the procedures detailed in Article 80 apply. The period for issuing its ruling in this instance remains 45 days from the date of the panel's establishment.
11. All rulings provided for in this Article shall be final and binding and shall be made available to the Trade Committee which will make them publicly available unless it decides by consensus not to do so.
12. Upon the accession of the Syrian Arab Republic to the World Trade Organisation, nothing in this Agreement shall preclude a party from implementing the suspension of benefits that have been authorised by the Dispute Settlement Body of the World Trade Organisation.

CHAPTER IV GENERAL PROVISIONS

Article 86

1. Arbitration proceedings established under this Title will not consider issues relating to each Party's rights and obligations under the Agreement establishing the World Trade Organisation (WTO).
2. Recourse to the Dispute Settlement Provisions of these Titles shall be without prejudice to any possible action in the WTO framework, including dispute settlement action. However where a Party has, with regard to a particular measure, instituted a dispute settlement proceeding under either Article 78 paragraph 1 of this Title or the WTO Agreement, it shall not institute a dispute settlement proceeding regarding the same measure under the other forum until such time as the first proceeding has ended. For purposes of this paragraph, dispute settlement proceedings under the WTO Agreement are deemed to be initiated by a Party's request for a panel under Article 6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes of the WTO.
3. Until the Syrian Arab Republic accedes to the World Trade Organisation, arbitration panels shall adopt an interpretation that is fully consistent with the relevant decisions of the Dispute Settlement Body of the World Trade Organisation when ruling on an alleged violation of a provision contained in Titles II to V of this Agreement that incorporates or refers to a provision under the Agreement establishing the World Trade Organisation. Upon the accession of the Syrian Arab Republic to the World Trade Organisation, arbitration panels shall suspend proceedings if they consider

they cannot rule on a dispute without interpreting a WTO provision, where such a provision is referred to in Titles II to V of this Agreement. In the event of such a suspension of proceedings, any party may have recourse to dispute settlement proceedings under the WTO.

Article 87

1. All terms established under this Title shall be counted in calendar days from the day following the act or fact to which they refer.
2. Any deadline mentioned in this Title may be extended by mutual agreement of the Parties.

Article 88

The documents presented in the framework of the proceedings provided under this Title shall be considered as confidential, with the exception of arbitration awards.

Article 89

The written and oral submissions of the Syrian Arab Republic shall be made in Arabic, and for the European Communities, in any of the official languages of the European Union.

TITLE VI

ECONOMIC CO-OPERATION

Article 90

Objectives

1. The Parties undertake to intensify economic co-operation in their mutual interest and in accordance with the overall objectives of the Agreement.
2. The aim of economic co-operation shall be to support Syria's own efforts to achieve sustainable economic and social development.

Article 91

Scope

1. Co-operation shall focus primarily on sectors suffering from internal difficulties or affected by the overall process of liberalisation of the Syrian economy, and in particular by the liberalisation of trade between Syria and the Community.
2. Similarly, co-operation shall focus on areas likely to bring the economies of the Community and Syria closer together, particularly those which will generate growth and employment.
3. The Parties will encourage economic co-operation between Syria and other countries of the region.
4. Conservation of the environment and ecological balance shall be taken into account in the implementation of the various sectors of economic co-operation to which it is relevant bearing in mind the difference in the level of economic and social development between the Parties.

5. The Parties may agree to extend economic co-operation to other sectors not covered by the provisions of this Title.

Article 92

Methods and Modalities

Economic co-operation shall be implemented in particular through:

- a) a regular economic dialogue between the Parties, which covers all areas of macro-economic policy;
- b) regular exchange of information and ideas in every sector of co-operation including meetings of officials and experts;
- 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; the use of scientific research results for technological applications, innovation and development.

Article 93

Regional Co-operation

The Parties will encourage operations having a regional impact or associating other countries of the region, with a view to promoting regional co-operation.

Such operations may include:

- a) trade at intra-regional level;
- b) investment;
- c) environmental issues;
- d) development of economic infrastructures;
- e) scientific and technological research;
- f) cultural matters;
- g) customs matters;
- h) Information Technology;
- i) water issues, including irrigation;
- j) decentralised cooperation between local administrations;
- k) public health.

Article 94

Education and Training

The Parties shall co-operate with the objective of identifying and employing the most effective means to improve significantly the education and vocational training situation in Syria, in particular with regard to public and private enterprises, trade-related services, public administrations and authorities, technical agencies, scientific and technological academic facilities, standardisation and certification bodies and other relevant organisations. In this context, vocational, technical and administrative training for industrial restructuring will receive special attention.

Co-operation shall also encourage the establishment of links between specialised bodies in the Community and in Syria and shall promote the exchange of information, and experiences and the pooling of technical resources.

Article 95

Scientific and Technological co-operation

Co-operation has the objective of:

- a) encouraging the establishment of durable links between the scientific and technological communities of the Parties, notably through :
 - the access of Syria to Community R&D programmes, in conformity with the existing provisions concerning the participation of third countries;
 - the participation of Syria in the networks of decentralised co-operation;
 - the promotion of training in research and development sectors.
- b) strengthening the scientific and applied research and development capacity of Syria, through capacity building in human resources and providing scientific, technical and material support to research bodies.
- c) stimulating technological innovation, transfer of new technologies and knowledge, and dissemination of know-how, in particular with a view to promoting environmentally-friendly practices and accelerating the adjustment and development of Syria's industrial capability.

Article 96

Environment

1. Co-operation is aimed at preventing deterioration of the environment, improving its quality, controlling pollution, protecting human health and ensuring the rational use of natural resources, with a view to ensuring sustainable development.
2. Co-operation, which will also promote regional environmental projects, shall focus on the following fields with emphasis on harmonisation of legislation including implementation of UN-related agreements:
 - a) combating desertification;
 - b) protection of bio-diversity;

- c) integrated water resources management including irrigation and control of pollution or salinisation of surface and groundwater;
- d) use of renewable sources of energy;
- e) promotion of clean production and prevention of environmental impacts and risks on safety due to industrial activities;
- f) trade and environment;
- g) control of the air quality;
- h) prevention and control of marine pollution;
- i) waste management;
- j) the impact of agriculture on soil and water quality;
- k) environmental education and awareness;
- l) use of advanced tools of environmental management and decision-making, environmental monitoring methods, including in particular the use of the Environmental Information System (EIS) and Environmental Impact Assessment (EIA);
- m) environmental crisis management;
- n) the adaptation to climate change.

Article 97

Industrial Co-operation

Industrial Co-operation shall promote and encourage:

- a) industrial co-operation between economic operators in the Community and in Syria, including access for Syria to the Community's networks for the rapprochement of businesses and to networks created in the context of decentralised co-operation;
- b) the modernisation and restructuring of Syrian industry, including its infrastructure and support institutions in relevant areas such as standards, quality assurance or industrial design;
- c) the establishment and promotion of an environment favourable to the development of private enterprise, in order to stimulate the growth and the diversification of industrial production in a sustainable development perspective;
- d) co-operation between small and medium-sized enterprises in the Community and in Syria;
- e) innovation, R&D and acquisition of technology and products to contribute to Syria's economic development;
- f) diversification of industrial output in Syria;
- g) the enhancement of human resources;
- h) improvement of access to investment finance;
- i) stimulation of innovation;
- j) improvement of information support services;

- k) or any other co-operation area as agreed between Parties.

Article 98

Investments and Promotion of Investments

The objective of co-operation will be the promotion of a favourable and stable environment for investment in Syria. The co-operation will entail in particular the development of :

- a) harmonised and simplified administrative procedures; co-investment machinery, especially for small and medium-sized enterprises of both Parties; and information channels and means of identifying investment opportunities;
- b) a legal environment conducive to investment between the two parties, where appropriate through the conclusion by the Member States and Syria of investment protection agreements and agreements to prevent double taxation;
- c) access to the capital market for the financing of productive investments in Syria;
- d) joint ventures between business in Syria and in the Community.

Article 99

Standards, Technical Regulations and Conformity Assessment Procedures

Co-operation in this field will be aimed in particular at:

- a) increasing the application of Community rules in the field of technical regulations, metrology, accreditation, standardisation and conformity assessment;
- b) Developing Syrian laboratories and conformity assessment bodies, with a view to the establishment, in due time and to the extent feasible, of agreements on conformity assessment;
- c) developing structures and bodies for standardisation and quality in Syria.

Article 100

Intellectual, Industrial and Commercial Property Rights

Co-operation in the field of intellectual, industrial and commercial property rights shall, upon request and on mutually agreed terms and conditions, inter alia, extend to the following areas :

- a) the preparation of laws and regulations for the protection and enforcement of intellectual, industrial and commercial property rights;
- b) the prevention of abuses of such rights by right-holders and the infringement of such rights by competitors;
- c) the establishment and reinforcement of national organizations involved in enforcement and protection against counterfeiting and piracy, including the training of personnel, awareness building activities and knowledge-based, capacity building related activities in view of strengthening Syria's ability to implement intellectual, industrial and commercial property rights protection.

Article 101

Financial Services

The Parties shall co-operate with a view to the rapprochement of their standards and rules, in particular :

- a) to strengthen and restructure the financial sector in Syria;
- b) to improve accounting and supervisory and regulatory systems of banking, insurance and other financial sectors in Syria.

Article 102

Agriculture and Fisheries

1. The Parties shall focus co-operation on :
 - a) support for policies implemented by them to diversify production;
 - b) encouraging the development of the private sector to reduce food dependency;
 - c) promotion of environment-friendly agriculture;
 - d) conservation and rational management of fish stocks;
 - e) closer relations between businesses, groups and organisations representing trades and professions in Syria and in the Community on a voluntary basis;
 - f) support and promotion of private investments;
 - g) technical assistance and training;
 - h) agronomic research, the use of new technologies;
 - i) co-operation on phyto-sanitary and veterinary standards;
 - j) modernisation of infrastructures and of distribution operations;
 - k) integrated rural development including improvement in basic services and development of associated economic activities;
 - l) co-operation among rural regions, exchange of experience and know-how concerning rural development;
 - m) or any other cooperation area as agreed between Parties.
2. The cooperation may take the form of i.a. transfer of know-how, the establishment of joint ventures or training schemes.

Article 103

Transport

Co-operation and technical support will focus on the following priority areas :

- a) the restructuring and modernisation, in a sustainable development perspective, of road, railways, port and airport infrastructures of common and regional interest linked to the development of a Trans-Euro-Mediterranean Transport Network, in particular interconnections;
- b) the establishment and enforcement of operating standards comparable to those prevailing in the Community;
- c) the upgrading of technical equipment to bring it up to Community standards for all modes of transport, in particular container traffic and trans-shipment;

- d) the gradual easing of transit requirements;
- e) the improvement of institutional capacity and management of ports, airports, railways and air traffic control, including co-operation between the relevant national bodies;
- f) the reinforcement of shipping safety and the prevention of maritime pollution, with specific attention to the maritime transport of hydrocarbons, as well as the implementation of maritime security related measures;
- g) development in the field of urban transports.

Article 104

Information Society and Electronic Communications

Co-operation shall focus on :

- a) a dialogue on issues related to the different aspects of the information society, including e-strategy, electronic communications policies and regulation;
- b) standardisation, conformity testing and certification of information and communications technologies;
- c) interconnection and interoperability of European Union and Syrian networks and services;
- d) planning and management of the radio frequency spectrum with a view to co-ordinated and effective use of radio communications in the Euro-Mediterranean region;
- e) dissemination of new information and communications technologies including satellite technology and information services;
- f) promotion and implementation of joint projects for research, technical development or industrial applications in electronic communications and the information society;
- g) giving Syrian bodies the opportunity to participate in pilot projects and European programmes under the specific arrangements pertaining to them in the sectors concerned.

Article 105

Energy

Co-operation and technical support will focus on the following priority areas :

- a) development of new gas and electricity interconnections with a view to improving the security of supplies within the Mashreq region and further developing Trans-Euro-Mediterranean energy networks;
- b) co-operation for improvement of safety and security of energy infrastructures and transmission networks including management of underground oil and gas reservoirs;
co-operation for the upstream development of petroleum resources;
technological co-operation in the refining sector and harmonisation of petroleum products quality norms;
- c) opening of energy markets and development of effective regulatory frameworks including unbundling, independent regulatory bodies with a view to ensuring the well-functioning of the market and cost reflective energy pricing;
- d) technological co-operation in the field of international standards and procedures, energy policy analysis and energy balances as well as improvement of energy data collection and management;
- e) promotion of renewable energies and indigenous energy sources as well as promotion of energy saving and energy efficiency measures, with specific emphasis on the building and transport sectors;

- f) co-operation on updated technologies for energy production, transmission and distribution in order to reduce technical losses and increase efficiency.

The parties shall establish together a more detailed outline for cooperation in the energy sector as appropriate.

Article 106

Tourism

Priorities for co-operation in this sphere shall be:

- a) improving the knowledge of the tourist industry and ensuring greater consistency of policies affecting tourism;
- b) promoting co-operation between regions and cities of neighbouring countries;
- c) improving information for tourists and the protection of their interests;
- d) highlighting the importance of the cultural heritage for tourism;
- e) ensuring that the interaction between tourism and the environment is maintained in a sustainable manner;
- f) making tourism more competitive through support for increased professionalism, in particular with regard to hotel management;
- g) exchanging information on planned tourism development and promotion of planned developments in the Tourism sector, including on tourism marketing projects, tourism shows, exhibitions, conventions and publications.

Article 107

Customs

1. The Parties shall promote and facilitate cooperation between their respective customs services in order to ensure that the objectives set out in Article 36 are attained, particularly in order to guarantee the simplification of customs procedures and to facilitate legitimate trade while retaining effective control capabilities.
2. Without prejudice to the cooperation established by this Agreement, mutual assistance between the administrative authorities in customs matters will be given in conformity with Protocol 7: Mutual Assistance between Administrative Authorities on customs matters.
3. The cooperation shall give rise among other things, to:
 - a) the provision of technical assistance, including where appropriate, the organisation of seminars and the placement of trainees;
 - b) the development and sharing of best practices; and
 - c) the improvement and simplification of customs matters relating to market access and rules of origin and the customs procedures related to them.

Article 108

Co-operation on statistics

The main objective of co-operation in this field will be to harmonise methodology in order to create a reliable basis for handling statistics on trade, population, migration and generally all the fields which are covered by this agreement and lend themselves to the establishment of statistics.

TITLE VII

CO-OPERATION IN SOCIAL AND CULTURAL MATTERS

CHAPTER 1

SOCIAL DIALOGUE

Article 109

1. A regular dialogue shall be established between the Parties on all social issues of mutual interest.
2. This dialogue shall be used to seek ways and means to further progress as regards the movement of workers and the equal treatment and social integration of Syrian and EU citizens legally residing in their host countries.
3. The dialogue shall focus on problems related to :
 - a) migrant communities' living and working conditions;
 - b) migration;
 - c) projects and programmes on equality of treatment for Syrian and Community nationals, reciprocal awareness of cultures and civilisations, the development of tolerance and the elimination of discrimination.

CHAPTER 2
SOCIAL CO-OPERATION ACTIONS

Article 110

1. The Parties acknowledge the importance of social development which should go hand in hand with any economic development. They give particular priority to respect of basic social rights.
2. To consolidate social co-operation between the parties, actions and programmes shall be undertaken on any issue of interest to them.

Priority shall be given to the following actions :

- a) reduction of migratory pressures through job creation and the development of training in areas with a high emigration rate;
- b) reintegration of repatriated illegal immigrants;
- c) promotion of the role of women in social and economic development;
- d) developing Syrian family planning and mother and child protection programmes;
- e) improving the social security system;
- f) improving the healthcare system;
- g) improving living conditions in underprivileged, densely populated areas;
- h) exchange programmes for mixed groups of young Syrians and Europeans, with a view to promoting mutual cultural understanding and tolerance.

Article 111

Co-operation projects may be co-ordinated with the Member States and the appropriate international organisations.

Article 112

A working group may be set up by the Association Council by the end of the first year following entry into force of this Agreement. Its brief shall be to evaluate the implementation of the provisions of chapters 1 and 2 on an ongoing basis.

CHAPTER 3
CULTURAL CO-OPERATION

Article 113

1. To foster mutual knowledge and understanding, and in line with projects that have already been developed along these lines, the Parties shall undertake, in a spirit of mutual cultural respect, to establish firm foundations for a continuing cultural dialogue and to promote long-term cultural co-operation in any appropriate field of activity.
2. The Parties shall, in identifying co-operation projects and programmes and joint activities, give special attention to young people, to self-expression and communication skills using written and audio-visual media, to heritage protection, restoration, and conservation issues and to the dissemination of culture.
3. The Parties shall seek ways to encourage Syrian participation in Community initiatives in this sector.
4. The Parties shall promote activities of mutual interest in the field of information and communications.

TITLE VIII

COOPERATION IN THE FIELDS OF JUSTICE, MIGRATION, AND THE FIGHT
AGAINST ORGANISED CRIME

Article 114

Reinforcement of Institutions and Rule of Law

In their co-operation in the areas addressed under this title, the Parties will attach particular importance to the consolidation of the rule of law and the reinforcement of institutions at all levels in the areas of administration in general, and law enforcement and the working of the justice system in particular.

Co-operation in the field of Justice will focus in particular on the independence of the judiciary, the improvement of its effectiveness and training in the legal professions.

Article 115

Co-operation on Migration

1. The Parties reaffirm the importance, which they attach to a joint management of migration flows between their territories. With a view to strengthening co-operation between them, they shall establish a comprehensive dialogue on all migration-related issues, including illegal migration, smuggling and trafficking in human beings, as well as the inclusion of the migration concerns in the national strategies for economic and social development of the areas from which migrants originate.
2. Co-operation shall be based on a specific needs assessment conducted in mutual consultation between the Parties and be implemented in accordance with the relevant legislation in force in the Community, in Member States and in Syria. It will, in particular, focus on:
 - a) the root causes of migration;

- b) the admission rules and rights and status of persons admitted, fair treatment of lawfully residing non-nationals, education and training and measures against racism and xenophobia;
- c) the field of visas, on issues identified as being of mutual interest;
- d) the field of border controls, on issues related to organisation, training, best practices and other operational measures on the ground and where relevant, equipment, while being aware of the potential dual use of such equipment;
- e) the establishment of an effective and preventive policy against illegal immigration, smuggling of migrants and trafficking in human beings including the issue of how to combat networks of smugglers and traffickers and how to protect the victims of such trafficking;
- f) the development and implementation of national legislation and practices with regard to persons in need of international protection, with a view to satisfying the provisions of applicable international instruments;
- g) the return, under humane and dignified conditions, of persons residing illegally including the promotion of their voluntary return, and the readmission of such persons , in accordance with paragraph 3.

3. In the framework of the cooperation to prevent and control illegal immigration, the Parties also agree to readmit their illegal migrants. To this end :

Syria shall readmit any of its nationals illegally present on the territory of a Member State of the European Union, upon request by the latter and without further formalities, after the accomplishment of the necessary identification procedures;

and each Member State of the European Union shall readmit any of its nationals illegally present on the territory of Syria, upon request by the latter and without further formalities, after the accomplishment of the necessary identification procedures.

The Member States of the European Union and Syria will provide their nationals with appropriate identity documents and will extend to them the administrative facilities necessary for such purposes.

The Parties agree to conclude, upon request and as soon as possible, an agreement regulating specific obligations on readmission, including the readmission of nationals of other countries and stateless persons.

Article 116

Money-laundering

1. The Parties agree on the necessity of making every effort and co-operating in order to prevent the use of their financial systems for laundering of proceeds from criminal activities in general and from offences related to illicit drugs and psychotropic substances in particular.
2. Co-operation in this area may include administrative and technical assistance with the purposes to develop the implementation of regulations and efficient functioning of mechanisms to combat money laundering in line with accepted international

standards, including the recommendations of the Financial Action Task Force (FATF).

Article 117

Cooperation on Illicit Drugs

1. Within their respective powers and competences, the Parties shall co-operate to ensure a balanced approach through effective co-ordination between the competent authorities including from the health, justice and interior sectors, with the aim of reducing the supply, trafficking and demand of illicit drugs as well as a more effective control of illicit trafficking in chemical precursors.
2. The Parties shall agree on means of co-operation to attain these objectives. Actions shall be based on commonly agreed principles along the lines of the relevant international conventions, the political declaration and the Special Declaration on the guidelines to reduce drugs demand, approved by the United Nations General Assembly Special Session on Drugs 1998.
3. The co-operation between the Parties shall comprise technical and administrative assistance in particular in the following areas: drafting of national legislation and policies; establishment of national institutions and information centres; training of personnel; drug related research; and the prevention of diversion of precursors used for the illicit manufacture of drugs and psychotropic substances. The Parties may agree to include other areas.

Article 118

Cooperation on Organised Crime

1. The Parties agree to cooperate in order to prevent and fight organised crime, in particular in the following fields: human trafficking; falsification of documents; exploitation for sexual purposes; corruption; the counterfeit of financial instruments; the illicit traffic of prohibited, counterfeited or pirated products and of illegal transactions concerning in particular industrial refuse or radioactive material; the trafficking of firearms and explosives; computer criminality; stolen cars.
2. The Parties shall cooperate closely in order to establish appropriate mechanisms and standards.
3. Technical and administrative co-operation in this field will include training and the strengthening of the effectiveness of the authorities and structures responsible for fighting and for preventing criminality and the formulation of measures for crime prevention.

TITLE IX

COOPERATION ON COUNTER-TERRORISM

Article 119

The Parties agree to co-operate in the prevention and suppression of acts of terrorism in accordance with international conventions, relevant UN resolutions and with their respective legislation and regulations. They shall do so in particular:

1. in the framework of the full implementation of Resolution no. 1373 of the UN Security Council and other relevant UN resolutions, and applicable international conventions and instruments;
2. by exchange of information on terrorist groups and their support networks, by mutual agreement and in accordance with international and national law;
3. by exchange of views on means and methods used to counter terrorism, including in technical fields and training, and by exchange of experiences in respect of terrorism prevention.

TITLE X

FINANCIAL CO-OPERATION

Article 120

In order to achieve the objectives of this Agreement and to support Syria in the implementation of reforms necessary to take full advantage of this new framework, financial co-operation for Syria will be implemented in accordance with the appropriate Community financial procedures and resources.

These procedures shall be agreed by both Parties using the most appropriate instruments.

In addition to the areas covered by Titles VI and VIII of the Agreement, financial co-operation shall focus on :

- a) promoting reforms designed to modernise the economy and the administration;
- b) upgrading economic infrastructure;
- c) promoting private investment and job-creating activities;
- d) responding to the economic repercussions of the gradual introduction of a free trade area, notably by upgrading and restructuring industry;
- e) accompanying the policies implemented in the social sector.

Article 121

In the framework of the existing Community financial instruments aimed at supporting the structural adjustment programmes in the Mediterranean countries, and in close co-operation with the Syrian authorities and other donors, particularly with other international financial institutions, the Community shall examine suitable ways of supporting structural policies carried out by Syria to restore financial equilibrium in the main financial aggregates and encourage the creation of an economic environment conducive to increased growth, while at the same time improving the social well-being of the population.

Article 122

In order to ensure that a co-ordinated approach is adopted to any extraordinary macro-economic and financial problems that might arise as a result of the implementation of this Agreement, the Parties shall use the regular economic dialogue provided for in Title VI to give particular attention to monitoring trade and financial trends in relations between the Community and Syria.

TITLE XI

INSTITUTIONAL, GENERAL AND FINAL PROVISIONS

Article 123

An Association Council is hereby established which as a rule shall meet at Ministerial level every second year and when circumstances require, at the initiative of its President and in accordance with the conditions laid down in its rules of procedure.

It shall review the progress made in the implementation of this Agreement and in the cooperation to support Syrian 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 124

1. The Association Council shall consist of the members of the Council of the European Union and members of the European Commission, on the one hand, and members of the Government of Syria, on the other.
2. Members of the Association Council may arrange to be represented in accordance with the provisions laid down in its rules of procedure.
3. The Association Council shall establish its rules of procedure.
4. The Association Council shall be presided in turn by a member of the Council of the European Union and a member of the Government of Syria, in accordance with the provisions laid down in its rules of procedure.

Article 125

1. The Association Council shall, for the purpose of attaining the objectives of the Agreement, have the power to take decisions in the cases provided for therein.
2. The decisions taken shall be binding on the Parties which shall take the measures necessary to implement the decisions taken. The Association Council may also make appropriate recommendations.
3. It shall draw up its decisions and recommendations by agreement between the two Parties.

Article 126

1. Subject to the powers of the 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 127

1. The Association Committee, which shall meet at official level, shall consist of representatives of the Council of the European Union and of the Commission of the European Communities, on the one hand, and of representatives of the Government of Syria, on the other.
2. The Association Committee shall establish its rules of procedure.

3. The Association Committee shall be presided in turn by a representative of the European Commission and by a representative of the Government of Syria.

Article 128

1. The Association Committee shall have the power to take decisions for the management of the Agreement as well as in the areas in which the Council has delegated its powers to it.
2. It shall draw up its decisions by agreement between the two Parties. These decisions shall be binding on the Parties which shall take the measures necessary to implement the decisions taken.

Article 129

The Association Council will establish any Working Group or Body necessary for the implementation of the Agreement, and no later than six months after the application of Titles II to V, establish a Body as referred to in Title V, Chapter II, Article 76.

Article 130

The Association Council shall take all appropriate measures to facilitate co-operation and contacts between the European Parliament and the Syrian People's Assembly.

Article 131

Each of the Parties may refer any question on the interpretation and application of this Agreement to the Association Council except for matters covered by Title V relating to the Settlement of Trade Disputes for Titles II to IV.

Article 132

Nothing in the Agreement shall prevent a Party from taking any measures:

- a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;
- b) which relate to the production of, or trade in, arms, munitions or war materials or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;
- c) which it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension constituting threat of war or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

Article 133

In the fields covered by this Agreement and without prejudice to any special provisions contained therein:

- a) the arrangements applied by Syria in respect of the Community shall not give rise to any discrimination between the Member States, their nationals or their companies or firms;

- b) the arrangements applied by the Community in respect of Syria shall not give rise to discrimination between Syrian nationals or its companies or firms.

Article 134

As regards direct taxation, nothing in the Agreement shall have the effect of:

- a) extending the fiscal advantages granted by either Party in any international agreement or arrangement by which it is bound;
- b) preventing the adoption or application by either Party of any measure aimed at preventing the avoidance or evasion of taxes;
- c) opposing the right of either Party to apply the relevant provisions of its tax legislation to taxpayers who are not in identical situations, in particular as regards their place of residence.

Article 135

1. The Parties shall take any general or specific measures required to fulfil their obligations under the Agreement. They shall see to it that the objectives set out in the Agreement are attained.
2. If either Party considers that the other Party has failed to fulfil an obligation under the Agreement, it may take appropriate measures. Before so doing, except in cases of special urgency, it shall supply the Association Council with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

In the selection of measures priority must be given to those which least disturb the functioning of the Agreement. These measures shall be notified immediately to the Association Council and shall be the subject of consultations within the Association Council if the other Party so requests.

Article 136

Approximation of laws

The Parties shall use their best endeavours to approximate their respective legislation in order to facilitate the implementation of this Agreement.

Article 137

Protocols 1 to 8 and Annexes I to VIII shall form an integral part of this Agreement.

Declarations and exchanges of letters shall appear in the Final Act, which shall form an integral part of this Agreement.

Article 138

For the purpose of this Agreement the term "Parties" shall mean Syria on the one part and the Community, or the Member States, or the Community and the Member States, in accordance with their respective powers, on the other part.

Article 139

The Agreement is concluded for an unlimited period.

Each of the Parties may denounce the Agreement by notifying the other Party. The Agreement shall cease to apply six months after the date of such notification.

Article 140

This Agreement shall apply, on the one hand, to the territories in which the Treaties establishing the European Community are applied and under the conditions laid down in those Treaties and, on the other hand, to the territory of Syria.

Article 141

This Agreement, drawn up in duplicate in the Arabic, Bulgarian, Spanish, Czech, Danish, German, Estonian, Greek, English, French, Italian, Latvian, Lithuanian, Hungarian, Maltese, Dutch, Polish, Portuguese, Romanian, Slovak, Slovene, Finnish, and Swedish languages, each of these texts being equally authentic, shall be deposited with the General Secretariat of the Council of the European Union.

Article 142

1. This Agreement will be approved by the Parties in accordance with their own procedures. This Agreement shall enter into force on the first day of the second month following the date on which the Parties notify each other that the procedures referred to in this paragraph have been completed.
2. Upon its entry into force this Agreement shall replace the Agreement between the European Economic Community and Syria, and the Agreement between the European Coal and Steel Community and Syria, signed in Brussels on 18.1.1977.

Article 143

Provisional Application

1. Notwithstanding article 142, the Community and Syria agree to apply Article 2, Articles 7 to 42 (Title II: Free movement of goods), Articles 61 and 63 (Payments and capital movements), Articles 64 to 73 (Competition, Government procurement, and Other Economic Matters), Articles 74 to 89 (Title V: Dispute settlement), Article 97 (Industrial co-operation), Article 99 (Standards, Technical Regulation, and Conformity Assessment Procedures), Article 100 (Cooperation on intellectual, industrial and commercial property rights), Article 101 (Financial Services), Article 102 (Agricultural and fisheries), Article 107 (Customs co-operation), Article 120, Articles 132 to 138, and Articles 140 and 141 (Title XI: Institutional, General, and Final Provisions), from the first day of the third month following the date on which the Community and Syria have notified each other of the completion of the procedures necessary for this purpose. Notifications shall be sent to the Secretary General of the Council of the European Union, who shall be the depository of this agreement.
2. The Co-operation Council set up under the Co-operation Agreement between the European Economic Community and the Syrian Arab Republic signed on 18 January 1977 shall perform mutatis mutandis its duties until the Association Council and the

Association Committee provided for in Title XI of the Association Agreement are created.

During the provisional application of the above-mentioned Articles, and where appropriate, reference to the “Association Council” and to “the Association Committee” shall be construed as reference to the Co-operation Council and the Committees established by it.

3. Where in accordance with paragraph 1, a provision of this Agreement is applied by the Parties pending its entry into force, any reference in such provision to the date of entry into force of this Agreement shall be understood to be made to the date from which the Parties agree to apply that provision in accordance with paragraph 1.

Joint Declaration pertaining to the entire Agreement

The Parties, while developing their relations on the basis of this Agreement, reiterate their full commitment to respect the principles and purposes of the Charter of the United Nations, and agree to work together in order to achieve a just and comprehensive peace in the Middle East in accordance with the Madrid Terms of Reference and United Nations Security Council resolutions 242 and 338, and to pursue the creation in the region of a zone free of all weapons of mass destruction, nuclear, biological and chemical, and turn it into a region of stability and prosperity.

Declaration by the European Community relating to Article 64

The Community declares that, in the context of the interpretation of Article 64(1), it will assess any practice contrary to that Article on the basis of the criteria resulting from the rules contained in Articles 81 and 82 of the Treaty establishing the European Community, including secondary legislation.

Joint Declaration on Article 64

The Parties recognise that Syria plans to write its own competition law. While writing its law, Syria will take into consideration the rules of competition developed within the European Union. The implementation of the administrative methods of co-operation mentioned in Article 64 paragraph 2 is conditioned at the entry into force of the Syrian competition law and of the taking up of the duties of the authority responsible for its application.

Joint Declaration concerning Cooperation on Migration (Article 115 (f))

The Parties agree that in implementing Article 115 (f) of Title VIII, they will ensure the respect of the principle of “non-refoulement” without prejudice to the provisions of United Nations General Assembly Resolution 194 (1948).

Joint Declaration on Article 113

The Parties declare that special attention will be given to the protection, conservation and restoration of archeological sites and monuments.

The Parties agree to cooperate in seeking to ensure the return of archeological artifacts related to the Syrian cultural heritage unlawfully removed from the country in line with the International Convention on the Means of Prohibition and Prevention of the Illicit Import, Export and Transfer of Ownership of Cultural Property (UNESCO 1970).

Joint Declaration on the EC Generalised System of Preferences

The preferences granted under this Agreement include the preferences granted under the European Community Generalised System of Preferences (GSP) as laid down in Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences until 31 December 2008, as extended for the period from 1 January 2009 to 31 December 2011 by Council Regulation (EC) No 732/2008 of 22 July 2008

LIST OF PROTOCOLS AND ANNEXES

- Protocol 1 : Arrangements applicable to imports into the Community of agricultural products originating in Syria.
- Protocol 2 : Arrangements applicable to imports into Syria of agricultural products originating in the Community.
- Protocol 3 : Arrangements applicable to imports into the Community of fisheries products originating in Syria.
- Protocol 4 : Arrangements applicable to imports into Syria of fisheries products originating in the Community.
- Protocol 5 : Arrangements applicable to Processed Agricultural Products.
- Protocol 6 : Concerning the definition of the concept of 'originating products' and methods of administrative co-operation.
- Protocol 7 : Mutual assistance between administrative authorities on custom matters.
- Protocol 8 : List of Products covered by Article 13.7.
- Annex I : Syrian tariff schedule referred to in article 9.3.
- Annex II : List of products referred to in articles 11 and 16.
- Annex III : Community reservation list referred to in Article 43.1.b (Right of establishment).
- Annex IV : Syrian reservation list referred to in Article 43.2.a (Right of establishment).
- Annex V : Modalities for cooperation referred to in Article 64.2 (Competition).
- Annex VI : Intellectual, industrial and commercial property rights.
- Annex VII : Government Procurement: Rules of Procedure, List of Entities and other documents.
- Annex VIII : Dispute Settlement (Title V): Rules of Procedure and Code of Conduct.

<u>FINANCIAL STATEMENT</u>		Fichefin/08/35192 6.0.2005.1-2008 DDG/EM/mlc		
		DATE: 27/11/2008		
1.	BUDGET HEADING: Chapter 10 – Agricultural Duties	APPROPRIATIONS: APB 2009 1.403,5 Mio €		
2.	TITLE: Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States of the one part, and the Syrian Arab Republic of the other part			
3.	LEGAL BASIS: Article 310 of the Treaty, in conjunction with Article 300 (2) and Article 300 (3)			
4.	AIMS: To establish an Association between the Community and the Syrian Arab Republic			
5.	FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2008 (EUR million)	FOLLOWING FINANCIAL YEAR 2009 (EUR million)
5.0	EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) - NATIONAL AUTHORITIES - OTHER	-	-	-
5.1	REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL	-	-	- 0,3
		2010	2011	2012
5.0.1	ESTIMATED EXPENDITURE	-	-	-
5.1.1	ESTIMATED REVENUE	-	-	-
5.2	METHOD OF CALCULATION: -			
6.0	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?			YES NO
6.1	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?			YES-NO
6.2	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?			YES-NO
6.3	WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?			YES NO
OBSERVATIONS: The proposal concerns the establishment of an Association Agreement on trade of agricultural products. As regards own resources, it is estimated that this proposal may result in a reduction of these resources by approximately 0,3 Mio €(Net amount after deduction of collection costs).				