

- (b) the promotion and encouragement of economic and technological cooperation.

ARTICLE II — GENERAL AGREEMENT ON TARIFFS AND TRADE

The Contracting Parties confirm that the rights and obligations accruing to them as Contracting Parties to the General Agreement on Tariffs and Trade (GATT) shall continue to govern trade relations between them. Nothing in this Agreement shall prejudice the rights and obligations of either Contracting Party under the GATT.

ARTICLE III — TARIFFS

1. Subject to paragraph 2 of this Article and to the provisions of Article VIII, neither Contracting Party shall apply against goods originating in the other country tariff rates higher than:

- (a) those statutory rates on each other's goods on the date of entry into force of this Agreement;
- (b) such other rates as may be agreed from time to time by exchange of letters between the Contracting Parties; or
- (c) such other rates higher than those in (a) or (b) as may otherwise be applied from time to time consistent with the Articles of this Agreement.

2. Where either Contracting Party proposes to raise statutory tariff rates or reduce margins of preference (other than on a temporary basis) against the other, it shall:

- (a) except in cases of emergency, give thirty days' notice of its intention to raise such rates or to reduce such margins of preference;
- (b) consult, on request, on any such action affecting any goods of active trade interest. For the purposes of this Agreement, goods shall be deemed to be of "active trade interest":
 - (i) when there is evidence that commercial transactions have taken place at any time during the two years immediately before the date at which the proposed tariff change is being considered; or
 - (ii) if either Contracting Party has given notification to the other that those goods are of present or potential interest.

3. With a view to facilitating trade between the two countries, either Contracting Party may request of the other at any time the reduction of tariffs on goods of active trade interest. The other Contracting Party shall give consideration to such requests taking into account its international obligations.

4. Neither this Article nor Article VIII shall apply to tariff rate increases equivalent to increases in excise levies on domestic production.