

FREE TRADE AGREEMENT

BETWEEN

THE ARAB REPUBLIC OF EGYPT

AND

THE EFTA STATES

## **PREAMBLE**

The Arab Republic of Egypt (hereinafter referred to as Egypt), on the one part, and the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway, the Swiss Confederation (hereinafter referred to collectively as the EFTA States), on the other part, hereinafter referred to as "the Parties":

CONSIDERING the importance of the links existing between Egypt and the EFTA States, in particular the Declaration on Co-operation signed in Zermatt in December 1995, and recognizing the common wish to strengthen these links, thus establishing close and lasting relations,

RECALLING the membership of Egypt and the EFTA States in the World Trade Organization (hereinafter referred to as "the WTO") and their commitment to comply with the rights and obligations arising from the Marrakech Agreement establishing the WTO, including the principles of most-favoured-nation and of national treatment,

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

REAFFIRMING their commitment to the principles and objectives set out in the United Nations Charter and the Universal Declaration of Human Rights,

DESIRING to create favourable conditions for the development and diversification of trade between them and for the promotion of commercial and economic co-operation in areas of common interest on the basis of equality, mutual benefit, non-discrimination and international law,

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

CONSIDERING that no provision of this Agreement may be interpreted as exempting the Parties from their obligations under other international agreements, especially the WTO,

DESIRING to create new employment opportunities while promoting sustainable development,

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

CONVINCED that this Agreement provides an appropriate framework for exchange of information and views on economic developments and trade,

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

HAVE DECIDED, in pursuit of the above, to conclude the following Free Trade Agreement (hereinafter referred to as "this Agreement"):

## CHAPTER I            GENERAL PROVISIONS

### ARTICLE 1

#### *Objectives*

1. Egypt and the EFTA States shall establish a free trade area in accordance with the provisions of this Agreement with a view to spurring prosperity and economic development in their territories.
2. The objectives of this Agreement, which is based on trade relations between market economies, are:
  - (a) to achieve the liberalisation of trade in goods, in conformity with Article XXIV of the General Agreement on Tariffs and Trade (hereinafter referred to as “the GATT 1994”);
  - (b) to gradually develop an environment conducive to increased investment flows and enhanced trade in services;
  - (c) to ensure adequate and effective protection of intellectual property rights; and
  - (d) to support the harmonious development of economic relations between the Parties through technical and financial assistance.

### ARTICLE 2

#### *Trade relations governed by this Agreement*

This Agreement applies to trade relations between, on the one side, Egypt, and, on the other side, the individual EFTA States.

### ARTICLE 3

#### *Territorial application*

This Agreement shall apply to the territories of the Parties except as provided for in Protocol C.

## CHAPTER II TRADE IN GOODS

### ARTICLE 4

#### *Scope*

This Chapter shall apply to the following products originating in Egypt or an EFTA State:

- (a) all products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System (hereinafter referred to as "HS"), with the exception of the products listed in Annex I;
- (b) processed agricultural products specified in Protocol A, with due regard to the arrangements provided for in that Protocol;
- (c) fish and other marine products as provided for in Annex II; and
- (d) agricultural products falling within HS Chapters 1 to 24 as specified in Annex III.

### ARTICLE 5

#### *Rules of origin and co-operation in customs administration*

Protocol B lays down the rules of origin and methods of administrative co-operation.

### ARTICLE 6

#### *Customs duties on imports and charges having equivalent effect*

1. No new customs duties on imports or charges having equivalent effect shall be introduced in trade between Egypt and the EFTA States as of the entry into force of this Agreement.
2. Egypt shall gradually eliminate its customs duties on imports and any charges having equivalent effect on products originating in an EFTA State in accordance with Annex IV.
3. The EFTA States shall abolish on the date of entry into force of this Agreement all customs duties on imports and any charges having equivalent effect on products originating in Egypt.

## ARTICLE 7

### *Basic duties*

1. The applicable rates for imports between the Parties, to which the successive reductions set out in this Agreement are to be applied, shall be the WTO bound rate or the applied rate enforced as of the entry into force of this Agreement if it is lower. If, after the entry into force of this Agreement, a tariff reduction is applied on an *erga omnes* basis, the reduced rate shall apply.
2. The Parties shall communicate to each other their respective rates applied on the date of the entry into force of this Agreement.

## ARTICLE 8

### *Customs duties of a fiscal nature*

Article 6 shall also apply to customs duties of a fiscal nature.

## ARTICLE 9

### *Quantitative restrictions on imports and measures having equivalent effect*

1. Quantitative restrictions on imports and any other measures having equivalent effect in trade between Egypt and the EFTA States shall be abolished from the entry into force of this Agreement.
2. No new quantitative restriction on imports or any other measures having equivalent effect shall be introduced in trade between Egypt and the EFTA States.

## ARTICLE 10

### *Customs duties and quantitative restrictions on exports*

Egypt and the EFTA States shall neither apply customs duties or charges having equivalent effect, nor quantitative restrictions or measures having equivalent effect to exports between themselves.

## ARTICLE 11

### *Internal taxation*

1. The Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products of a Party and like products originating in the territory of another Party.

2. Products exported to the territory of a Party may not benefit from repayment of indirect internal taxation in excess of the amount of indirect taxation imposed on them either directly or indirectly.

## ARTICLE 12

### *Payments and transfers*

1. Payments relating to trade between Egypt and an EFTA State and the transfer of such payments to the territory of the Party where the creditor resides, shall be free from any restrictions.

2. The Parties shall refrain from any currency exchange or administrative restrictions on the grant, repayment or acceptance of short and medium-term credits covering commercial transactions in which a resident participates.

## ARTICLE 13

### *Technical regulations*

1. The rights and obligations of the Parties in respect of technical regulations, standards and conformity assessment shall be governed by the WTO Agreement on Technical Barriers to Trade (hereinafter referred to as "the WTO TBT Agreement").

2. The Parties shall strengthen their co-operation in the field of technical regulations, standards and conformity assessment, with a view to increasing the mutual understanding of their respective systems and facilitating access to their respective markets, thereby preparing the ground for possible mutual recognition agreements.

3. Without prejudice to paragraph 1, the Parties agree to hold consultations in the framework of the Joint Committee where Egypt or an EFTA State considers that one or more EFTA States or Egypt respectively have taken measures which are likely to create, or have created, an obstacle to trade, in order to find an appropriate solution in conformity with the WTO TBT Agreement.

## ARTICLE 14

### *Sanitary and phytosanitary measures*

1. The Parties shall apply their regulations for sanitary and phytosanitary matters in a non-discriminatory fashion and shall not introduce any new measures that have the effect of unduly obstructing trade.

2. The principles set out in paragraph 1 shall be applied in accordance with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, which is hereby incorporated into and made part of this Agreement.

## ARTICLE 15

### *State trading enterprises*

The rights and obligations of the Parties in respect of state trading enterprises shall be governed by Article XVII of the GATT 1994 and the Understanding on the Interpretation of Article XVII of the GATT 1994, which are hereby incorporated into and made part of this Agreement.

## ARTICLE 16

### *Subsidies and countervailing measures*

1. The rights and obligations of the Parties in respect of subsidies and countervailing measures shall be governed by Articles VI and XVI of the GATT 1994, the WTO Agreement on Subsidies and Countervailing Measures and the WTO Agreement on Agriculture.
2. If a Party finds that subsidies are granted which affect trade with another Party, the Party concerned may take appropriate measures in accordance with the above mentioned Agreements and relevant internal legislation and executive regulations.

## ARTICLE 17

### *Anti-dumping*

1. The rights and obligations of the Parties in respect of the application of anti-dumping measures shall be governed by Article VI of the GATT 1994 and the Agreement on Implementation of Article VI of the GATT 1994.
2. If a Party finds that dumping is taking place in trade with another Party, the Party concerned may take appropriate measures in accordance with the above mentioned Agreements and relevant internal implementation legislation.

## ARTICLE 18

### *Safeguard measures*

1. The provisions of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards shall apply between the Parties.
2. Before applying safeguard measures pursuant to the provisions of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards, the Party intending to apply such measure shall supply the Joint 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 hold

consultations within the Joint 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 safeguard measures, the Party intending to apply safeguard measures may apply the provisions of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards.

3. In the selection of safeguard measures pursuant to this Article, the Parties shall give priority to those that cause least disturbance to the achievement of the objectives of this Agreement.

4. Safeguard measures shall be notified immediately to the Joint Committee and shall be subject to periodic consultations within the Committee, particularly with a view to their abolition as soon as circumstances permit.

## ARTICLE 19

### *Structural adjustment*

1. By way of derogation from the provisions of paragraph 2 of Article 6, Egypt may take exceptional measures of limited duration to increase or re-introduce customs duties.

2. Such measures may only apply to new and infant industries or to sectors undergoing restructuring or experiencing serious difficulties, particularly where those difficulties entail severe social problems.

3. Customs duties on import into Egypt of products originating in an EFTA State that are introduced by such exceptional measures may not exceed 25 per cent *ad valorem*, and must retain a preferential margin for products originating in the EFTA States. The total value of imports of the products subjected to such measures may not exceed 20 per cent of total imports of industrial products from the EFTA States during the last year for which statistics are available.

4. Such measures shall be applied for no longer than five years, except where a longer duration is authorized by the Joint Committee. They shall cease to apply at the latest on expiry of the maximum transitional period.

5. Such measures may not be introduced for a given product if more than three years have elapsed since the abolition of all duties, quantitative restrictions and charges and measures having equivalent effect for the product concerned.

6. Egypt shall inform the Joint Committee of any exceptional measures it intends to adopt and, at the request of an EFTA State, consultations shall be held on the measures and sectors concerned before they are implemented. When adopting such measures, Egypt shall provide the Joint Committee with a schedule for the abolition of the customs duties introduced or increased pursuant to this Article. Such schedule shall provide for the phasing out of the duties concerned by equal annual instalments, starting no later

than the end of the second year following their introduction. The Joint Committee may decide on a different schedule.

7. By way of derogation from the provisions of paragraph 4, the Joint Committee may exceptionally, in order to take into account the difficulties involved in setting up new industries, endorse the measures already taken by Egypt pursuant to paragraph 1 for a maximum period of four years beyond the twelve years transitional period

## ARTICLE 20

### *Re-export and serious shortage*

1. Where compliance with the provisions of Article 10 leads to:
  - (a) re-export to a third country against which the exporting Party maintains, for the product concerned, quantitative export restrictions, export duties or measures or charges having equivalent effect; or
  - (b) a serious shortage, or threat thereof, of a product essential to the exporting Party;

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Party, that Party may take appropriate measures laid down in paragraph 2.

2. The difficulties arising from the situations referred to in paragraph 1 shall be submitted for examination to the Joint 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. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

3. In the selection of measures, priority must be given to the action which least disturbs the functioning of this Agreement.

4. The measures taken shall be subject to periodic consultations within the Joint Committee with a view to their elimination as soon as circumstances permit.

## ARTICLE 21

### *General exceptions*

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 protections of health and life of humans, animals or plants, of the protection of national treasures possessing artistic, historic or archaeological value, of the protection of intellectual property or of regulations concerning gold and silver or conservation of exhaustible natural resources. Such prohibitions or restrictions shall

not, however, constitute a means of arbitrary discrimination or disguised restriction on trade between the Parties.

## ARTICLE 22

### *Security exceptions*

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

- (a) it considers necessary to prevent the disclosure of information contrary to its essential security interests;
- (b) relate to the production of, or trade in, arms, munitions or war materials or to research, developments or productions 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; or
- (c) 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 on maintaining peace and international security.

## **CHAPTER III      PROTECTION OF INTELLECTUAL PROPERTY**

### ARTICLE 23

#### *Protection of intellectual property*

1. The Parties shall grant and ensure adequate, effective and non-discriminatory protection of intellectual property rights, and provide for measures for the enforcement of such rights against infringement thereof, counterfeiting and piracy, in accordance with the provisions of this Article, Annex V to this Agreement and the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as "the TRIPS Agreement").

2. The Parties shall accord to each others' nationals, treatment no less favourable than they accord to their own nationals. Exemptions from this obligation must be in accordance with the substantive provisions of Article 3 of the TRIPS Agreement.

3. The Parties shall accord to each others' nationals, treatment no less favourable than accorded to nationals of any other state. Exemptions from this obligation must be

in accordance with the substantive provisions of the TRIPS Agreement, in particular Articles 4 and 5 thereof.

4. The Parties shall regularly review this Article and Annex V to this Agreement with a view to their effective implementation and their future development. In the event that problems in the area of intellectual property rights affecting trading conditions arise, urgent consultations shall take place, with a view to reaching mutually satisfactory solutions.

5. With a view to facilitating the implementation of this Article and Annex V to this Agreement, the EFTA States shall grant technical and financial assistance to Egypt in accordance with Chapter VII.

## **CHAPTER IV INVESTMENT AND SERVICES**

### **ARTICLE 24**

#### ***Investment conditions***

1. The Parties shall create stable, favourable and transparent conditions for investors of the other Parties that are making or seeking to make investments in their territories.
2. Investments of investors of a Party shall, in the territories of the other Parties, at all times be accorded fair and equitable treatment as well as protection and security, in accordance with international law.
3. The Parties shall consider extending the scope of this Agreement to include the right of establishment of companies of one Party in the territory of another Party. The Joint Committee shall make recommendations for achieving this objective.

### **ARTICLE 25**

#### ***Investment promotion***

1. The Parties recognize the importance of promoting cross-border investment and technology flows as a means for achieving economic growth and development. Co-operation in this respect may include:
  - (a) appropriate means of identifying investment opportunities and information channels on investment regulations;
  - (b) the provision of information on the Parties' measures to promote investment abroad (technical assistance, financial support, investment insurance, etc.);

- (c) the furthering of a legal environment conducive to increased investment flows, including through the conclusion of bilateral agreements; and
- (d) the development of mechanisms for joint investments, in particular with small and medium enterprises.

2. The Parties recognize that it is inappropriate to encourage investment by relaxing health, safety or environmental standards.

## ARTICLE 26

### *Trade in services*

1. The Parties reaffirm their respective commitments under the terms of the General Agreement on Trade in Services (hereinafter referred to as "the GATS") and in particular the commitment to accord each other most-favoured nation treatment (hereinafter referred to as "MFN") in trade in service sectors covered by these commitments.

2. In accordance with the GATS, this treatment shall not apply to:

- (a) advantages accorded by any Party under the provisions of an agreement as defined in Article V of the GATS or under measures adopted on the basis of such an agreement; or
- (b) other advantages accorded pursuant to the list of MFN exemptions annexed by any Party to the GATS.

## ARTICLE 27

### *Right of establishment and liberalisation of services*

1. The Parties shall consider extending the scope of this Agreement to include the right of establishment of companies of one Party in the territory of another Party and the liberalization of the supply of services by companies of one Party to service consumers in another Party.

2. The Joint Committee shall make the necessary recommendations for the implementation of the objectives set out in paragraph 1. When formulating these recommendations, the Joint Committee shall take into account the experience gained by the implementation of the MFN treatment granted to each other by the Parties in accordance with their respective obligations under the GATS, and in particular Article V thereof.

3. The objective set out in paragraph 1 of this Article shall be the subject of a first examination by the Joint Committee at the latest five years after the entry into force of this Agreement.

## **CHAPTER V                    PAYMENT AND CAPITAL MOVEMENT**

### ARTICLE 28

#### ***Payments for current transactions***

Subject to the provisions of Article 30, the Parties undertake to allow all payments for current transactions to be made in a freely convertible currency.

### ARTICLE 29

#### ***Capital movements***

1. The Parties shall ensure that capital for investments made in companies formed in accordance with their laws, any returns stemming therefrom, and the amounts resulting from liquidations of investments shall be freely transferable.
2. The Parties shall hold consultations with a view to facilitating the movement of capital between Egypt and the EFTA States and achieve its complete liberalization as soon as conditions are met.

### ARTICLE 30

#### ***Balance of payments difficulties***

Where an EFTA State or Egypt is in serious balance of payments difficulties, or under threat thereof, the EFTA State concerned or Egypt respectively may, in conformity with the conditions laid down within the framework of the GATT 1994 and Articles VIII and XIV of the Statutes of the International Monetary Fund, take restrictive measures with regard to current payments if such measures are strictly necessary. The EFTA State concerned or Egypt, as appropriate, shall inform the other Parties immediately thereof and shall provide as soon as possible a timetable for the removal of such measures.

## **CHAPTER VI                    COMPETITION AND OTHER ECONOMIC MATTERS**

### ARTICLE 31

#### ***Rules of competition concerning undertakings***

1. The following are incompatible with the proper functioning of this Agreement in so far as they may affect trade between Egypt and an EFTA State:

- (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; and
- (b) abuse by one or more undertakings of a dominant position in the territories of the Parties as a whole or in a substantial part thereof.

2. The Joint Committee shall, within five years of the entry into force of this Agreement, adopt by decision the necessary rules for the implementation of paragraph 1.

3. If, in the absence of the rules referred to in paragraph 2, a Party considers that a particular practice by an undertaking or undertakings of another Party is incompatible with the terms of paragraph 1, and if such practice causes or threatens to cause serious prejudice to its interest or material injury to its domestic industry, including its service industry, it may take appropriate measures after consultation within the Joint Committee or after thirty working days following referral for such consultation.

4. Notwithstanding any provisions to the contrary adopted in conformity with paragraph 2, the Parties shall exchange information taking into account the limitations imposed by the requirements of their national secrecy laws, such as in particular rules concerning professional and business secrecy.

## ARTICLE 32

### *Public enterprises*

With regard to public enterprises and enterprises to which special or exclusive rights have been granted, the Joint Committee 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 Parties contrary to their interests. This provision should not obstruct the performance in law or in fact of the particular tasks assigned to these enterprises.

## ARTICLE 33

### *Public procurement*

The Parties agree on the objective of a progressive liberalisation of public procurement. The Joint Committee will hold consultations on the implementation of this objective.

## CHAPTER VII TECHNICAL AND FINANCIAL ASSISTANCE

### ARTICLE 34

#### *Objectives and scope*

1. The EFTA States declare their readiness to provide technical and financial assistance to Egypt, in accordance with their national policy objectives, in order to:
  - (a) facilitate the implementation of the overall objectives of this Agreement, in particular to enhance trading and investment opportunities arising from this Agreement; and
  - (b) support Egypt's own efforts to achieve sustainable economic and social development.
2. Assistance shall focus on sectors affected by the process of liberalisation and restructuring of the Egyptian economy as well as on sectors likely to bring the economies of the EFTA States and Egypt closer together, particularly those generating growth and employment.

### ARTICLE 35

#### *Methods and means*

1. Assistance to Egypt shall be provided bilaterally or through EFTA programmes or a combination of the two.
2. Parties shall co-operate with the objective of identifying and employing the most effective methods and means for the implementation of this Chapter, including by taking into consideration efforts of relevant international organisations.
3. With a view to fostering sustainable development efforts, Parties shall also cooperate, through the implementation of this Chapter, on methods and means of assistance, to agree on environmental aspects that could be taken into consideration.
4. Means of assistance may include:
  - (a) exchange of information, transfer of expertise and training;
  - (b) grants, preferential loans, development funds or other financial means;
  - (c) implementation of joint actions such as seminars and workshops; and
  - (d) technical and administrative assistance.

## ARTICLE 36

### *Fields of co-operation*

Assistance may cover any field jointly identified by the Parties that may serve to enhance Egypt's capacities to benefit from increased international trade and investment, including in particular:

- (a) trade promotion, trade facilitation, and promotion of market opportunities;
- (b) customs and origin matters;
- (c) fish and aquaculture;
- (d) technical regulations and sanitary and phytosanitary measures, including standardisation and certification;
- (e) trade and investment statistics;
- (f) regulatory assistance and implementation of laws in areas such as intellectual property and public procurement; and
- (g) local enterprise development.

## **CHAPTER VIII      INSTITUTIONAL AND PROCEDURAL PROVISIONS**

### ARTICLE 37

#### *The Joint Committee*

1. The implementation of this Agreement shall be supervised and administered by a Joint Committee, which is hereby established. Each Party shall be represented in the Joint Committee by its competent authority.
2. For the purpose of the proper implementation of this Agreement, the Parties shall exchange information and, at the request of any Party, shall hold consultations within the Joint Committee. The Joint Committee shall keep under review the possibility of further removal of the obstacles to trade between the EFTA States and Egypt.
3. The Joint Committee may take decisions in the cases provided for in this Agreement. On other matters the Joint Committee may make recommendations.
4. The Joint Committee shall meet upon request of any Party whenever necessary, but at least every two years.

## ARTICLE 38

### *Procedures of the Joint Committee*

1. The Joint Committee shall act by common agreement.
2. If a representative of a Party in the Joint Committee has accepted a decision subject to the fulfilment of constitutional requirements, the decision shall enter into force, if no later date is contained therein, on the date the lifting of the reservation is notified.
3. For the purpose of this Agreement the Joint Committee shall adopt its rules of procedure.
4. The Joint Committee may decide to set up such sub-committees and working parties, as it considers necessary to assist it in accomplishing its tasks.

## ARTICLE 39

### *Fulfilment of obligations and consultations*

1. The Parties shall take all necessary measures to ensure the achievement of the objectives and the fulfilment of their obligations under this Agreement. Should any divergence with respect to the interpretation and application of this Agreement arise, the Parties shall make every effort through co-operation and consultations to arrive at a mutually satisfactory resolution.
2. Any Party may request in writing consultations with another Party regarding any actual or proposed measure or any other matter that it considers might affect the operation of this Agreement. The Party requesting consultations shall at the same time notify the other Parties in writing thereof and supply all relevant information.
3. The consultations shall take place in the Joint Committee if any of the Parties so request within ten days from the receipt of the notification referred to in paragraph 2, with a view to finding a commonly acceptable solution.

## ARTICLE 40

### *Provisional re-balancing measures*

1. If any Party to this Agreement considers that another Party has failed to fulfil an obligation under this Agreement and the Joint Committee has failed to arrive at a commonly acceptable solution within three months, the Party concerned may take such provisional re-balancing measures as are appropriate and strictly necessary to remedy the imbalance. Priority shall be given to such measures as will least disturb the functioning of this Agreement. The measures taken shall be notified immediately to the Parties and to the Joint Committee, which shall hold regular consultations with a view

to their abolition. The measures shall be abolished when conditions no longer justify their maintenance, or, if the dispute is submitted to arbitration, when an arbitral award has been rendered and complied with.

2. Measures according to paragraph 1 may be taken without prior consultations in the Joint Committee in cases of a material breach of this Agreement by another Party. A material breach shall consist of the repudiation of this Agreement not sanctioned by the general rules of international law or a grave violation of an essential element of this Agreement, creating an environment not conducive for consultations or where a delay would be detrimental to the objectives of this Agreement.

#### ARTICLE 41

##### *Arbitration*

1. Disputes between the Parties, relating to the interpretation of rights and obligations under this Agreement, which have not been settled through direct consultations or in the Joint Committee within 90 days from the date of the receipt of the request for consultations, may be referred to arbitration by any Party to the dispute by means of a written notification addressed to the other Party to the dispute. A copy of this notification shall be communicated to Egypt or the EFTA Secretariat, as the case may be. Where more than one Party requests the submission to an arbitral tribunal of a dispute with the same Party relating to the same question a single arbitral tribunal should be established to consider such disputes whenever feasible.

2. The constitution and functioning of the arbitral tribunal shall be governed by Annex VI. The award of the arbitral tribunal shall be final and binding upon the Parties to the dispute.

### CHAPTER VIII FINAL PROVISIONS

#### ARTICLE 42

##### *Evolutionary clause*

1. The Parties undertake to review this Agreement in light of international economic developments, i.a. in the framework of the WTO, and to examine in this context and in the light of any relevant factor, the possibility of further developing and deepening the co-operation under this Agreement and to extend it to areas not covered therein. The Parties may instruct the Joint Committee to examine this possibility and, where appropriate, to make recommendations to them, particularly with a view to opening up negotiations.

2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to ratification or approval by the Parties in accordance with their own procedures.

#### ARTICLE 43

##### *Annexes and Protocols*

The Annexes and Protocols to this Agreement are an integral part of it. The Joint Committee may decide to amend the Annexes and Protocols.

#### ARTICLE 44

##### *Amendments*

Amendments to this Agreement other than those referred to in Article 43 which are approved by the Joint Committee shall be submitted to the Parties for ratification or acceptance and shall enter into force on the first day of the third month following the deposit of the last instrument of ratification or acceptance.

#### ARTICLE 45

##### *Customs unions, free trade areas, frontier trade and other preferential agreements*

This Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas, arrangements for frontier trade and other preferential agreements, except insofar as they alter the trade arrangements provided for in this Agreement.

#### ARTICLE 46

##### *Accession*

1. Any new Member State of the European Free Trade Association may accede to this Agreement, provided that the Joint Committee decides to approve its accession, on terms and conditions to be negotiated between the acceding State and the Parties to this Agreement.

2. In relation to an acceding State, this Agreement shall enter into force on the first day of the third month following the exchange of its instrument of accession.

## ARTICLE 47

### ***Withdrawal and expiration***

1. Each Party may withdraw from this Agreement by means of a written notification. The withdrawal shall take effect six months after the date on which the notification has been received by the other Parties.
2. If Egypt withdraws, this Agreement shall expire at the end of the notice period, and if all EFTA States withdraw it shall expire at the end of the latest notice period.
3. Any EFTA State which withdraws from the Convention establishing the European Free Trade Association shall *ipso facto* on the same day as the withdrawal takes effect cease to be a Party to this Agreement.
4. If any EFTA State withdraws from the Convention establishing the European Free Trade Association or from this Agreement, a meeting of the remaining Parties shall be convened to discuss the issue of the continued existence of this Agreement.

## ARTICLE 48

### ***Relation to the bilateral arrangements on trade in agricultural products***

1. The bilateral arrangements on trade in agricultural goods between the EFTA States and Egypt referred to in Annex III shall enter into force on the date on which this Agreement enters into force for the EFTA State concerned and Egypt. Such bilateral arrangements on trade in agricultural goods shall remain in force as long as the Parties to it remain Parties to this Agreement.
2. If an EFTA State or Egypt withdraws from the bilateral arrangement on trade in agricultural products concluded between them, this Agreement shall terminate between that EFTA State and Egypt on the same date as the withdrawal from the arrangement becomes effective.

## ARTICLE 49

### ***Entry into force***

1. This Agreement shall enter into force in relation to those Signatory States which have ratified the Agreement on the first day of the second month following the exchange of their instruments of ratification or acceptance, provided that Egypt is among the States that have deposited their instruments of ratification or acceptance.
2. A Signatory State may, if constitutional requirements allow, apply this Agreement provisionally during an initial phase, provided that Egypt has ratified the Agreement. Provisional application of the Agreement shall be notified to the other Signatory States.

ARTICLE 50

*Depositary*

The Government of Norway shall act as Depositary for the EFTA States.

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

Done at Davos, this 27<sup>th</sup> day of January 2007 in two originals in the Arabic and English languages, both being equally authentic. In case of any divergence in the interpretation of this Agreement, the English text shall prevail.

For the Republic of Iceland

For the Arab Republic of Egypt

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For the Principality of Liechtenstein

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For the Kingdom of Norway

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For the Swiss Confederation

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