

FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND THE MEMBER STATES OF THE CO-OPERATION COUNCIL FOR THE ARAB STATES OF THE GULF (GCC)

Summary

The Free Trade Agreement between the EFTA States and the Gulf Co-operation Council for the Arab States of the Gulf (GCC) was signed in Hamar, Norway on 22 June 2009.

The Free Trade Agreement covers a broad range of areas including trade in goods, trade in services, government procurement and competition. The EFTA-GCC Joint Committee, established by the Agreement, will supervise the application of the Agreement which also provides for dispute settlement through arbitration.

In addition, bilateral arrangements on agricultural products between three individual EFTA States and the GCC form part of the instruments establishing the free trade area between both sides.

NAVIGATING THE AGREEMENT

The main Agreement consists of a total of 93 Articles and 16 annexes.

Trade in goods

Services

Competition

Intellectual property rights and Investment

Government procurement

Administration and dispute settlement

Trade in goods

Industrial goods, including fish and other marine products, benefit from duty-free access to the respective markets of the EFTA States as of the entry into force of the Agreement. For products imported into the GCC, most customs duties are eliminated. Certain products become duty free after a transitional period of 5 years, while some others remain excluded from tariff dismantling or excluded from the scope of application. The Agreement also provides for tariff concessions on processed agricultural products. Basic agricultural products are covered by the bilateral agricultural agreements, which are part of the instruments establishing the free trade area between the Parties.

With regard to rules of origin, the Agreement is based on the European model, incorporating EUR.1 movement certificates. It furthermore includes provisions on antidumping, state trading enterprises and subsidies, as well as sanitary and phytosanitary measures and technical regulations.

Services

The Chapter on trade in services (Chapter 3) closely follows the WTO General Agreement on Trade in Services (GATS) approach. It covers all four modes of supply of a service, as defined under the GATS, and addresses all services sectors. The Chapter deals with general disciplines, whereas more specific provisions for certain sectors or aspects are contained in Annexes (such as on Mutual Recognition, Movement of Persons, Financial Services and Telecom). There is also a Record of Understanding related to services constituting an integral part of the Agreement.

Competition

The Parties recognize that anti-competitive business practices may restrict trade between them. Accordingly, each Party agrees to adopt or maintain competition laws with a view to avoiding such practices. The Parties also commit to co-operating on issues relating to competition law enforcement. Furthermore, a consultation mechanism is established.

The Joint Committee will review the provisions on competition, in particular after the adoption of competition legislation by Parties not currently having such laws in force.

Intellectual Property Rights (IPR) and Investment

In the area of IPR, the Parties essentially confirm the WTO TRIPS Agreement. They commit to concluding negotiations on an Annex related to IPR not later than two years after the entry into force of the Agreement. In the meantime, a special consultation mechanism is foreseen in case of problems in the area of IPR affecting trade conditions between the Parties.

There are no specific provisions contained in the Agreement on Investment, but a side letter, forming part of the Agreement, sets forth the Parties' obligation to conduct negotiations on business establishment in non-services sectors within two years after the entry into force of the Agreement.

Government procurement

Through the Agreement, the Parties consent to mutually open their Government Procurement markets. The government entities covered are listed in Annex XIII (Scope), while further provisions are contained in Annex XIV (General Notes).

The Chapter on Government Procurement (Chapter 6) deals with the procedures to be followed by a government entity which is procuring goods, services and construction services above certain thresholds (specified in Annex XIII). The Chapter draws inspiration from the WTO Agreement on Government Procurement.

Administration and dispute settlement

A Joint Committee is established which supervises and administers the Agreement and oversees its further development. The Joint Committee may take decisions in cases provided for by the Agreement and make recommendations in other matters.

The Chapter on Dispute Settlement (Chapter 8) contains rules and procedures for the settlement of disputes arising under the Agreement between one or more EFTA States and the GCC.
