

FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND THE SACU STATES

SUMMARY

The Free Trade Agreement between the EFTA States and the SACU States was signed in Höfn on 26 June 2006. The Agreement will enter into force on the first day of the second month following the date on which the last Party has deposited its instrument of ratification, acceptance or approval or notified provisional application. The Agreement covers trade in goods and lays the foundation for a further engagement of the Parties with regard to intellectual property, investment, trade in services and public procurement. A Joint Committee is established for the supervision and administration of the Agreement, and provisions are included providing for consultations and dispute settlement procedures.

NAVIGATING THE AGREEMENT

The Agreement consists of seven Chapters with a total of 44 Articles and 8 Annexes.

- **Trade in Goods**
- **Intellectual Property**
- **Services, Investment, Government Procurement**
- **Economic co-operation and technical assistance**
- **Institutional and Procedural Provisions**

TRADE IN GOODS

SACU is an important trading partner of the EFTA States. In 2005, the EFTA States exported goods worth 609 million US dollars to the SACU States and imported goods worth 1.3 billion US dollars from the SACU States. (EFTA trade statistics/ SACU).

INDUSTRIAL GOODS, AND FISH AND MARINE PRODUCTS

Most industrial goods, including fish and other marine products, will 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 SACU, customs duties are to be eliminated after transitional periods of different duration or a joint review by the Parties depending on which products are at stake (Annex IV and Annex VII). This asymmetrical treatment reflects the variety in the economic

development of the Parties. The Agreement also contains provisions on special treatment for Botswana, Lesotho, Namibia and Swaziland under certain circumstances.

The Agreement provides for liberal rules of origin and allows for the use of up to 60 per cent of non-originating input in the production of certain products (Annex V). It also contains provisions for mutual administrative assistance in customs matters.

AGRICULTURAL PRODUCTS

The Agreement provides for concessions on *processed* agricultural products. Trade in processed agricultural products is covered in an Annex to the main Agreement (Annex III).

Trade in *basic* agricultural products is covered by arrangements concluded bilaterally between each EFTA State and SACU. These agreements, which form part of the instruments establishing the free trade area, are also asymmetrical, giving SACU improved preferential treatment into the EFTA markets, going beyond the existing preferential regimes in place. (Agricultural Agreement between Iceland and SACU, Agricultural Agreement between Norway and SACU, and Agricultural Agreement between Switzerland and SACU)

COMPETITION

The Agreement contains provisions that allow for co-operation and exchange of information between Parties if a Party finds that anti-competitive practices in another Party affect the benefits of the Agreement. If such issues can not be solved between the Parties, they can be taken up for consultations in the Joint Committee (Article 15).

INTELLECTUAL PROPERTY

Under the Agreement, the Parties grant and ensure adequate, effective and non-discriminatory protection of intellectual property rights (patents, copyrights, industrial designs, undisclosed information, geographical indications) and ensure the enforcement of such rights against infringement (counterfeiting, piracy). These obligations are based on existing international agreements. The Parties aim at a progressive harmonization of the legal framework for IPR and will therefore review the rules in this field five years after the entry into force of the Agreement (Article 26).

SERVICES, INVESTMENT, GOVERNMENT PROCUREMENT

The Parties endeavour to extend the scope of this Agreement with a view to further liberalising trade in services. The Joint Committee will make the necessary recommendations to that end not later than five years after the entry into force of the Agreement (Article 27).

The Parties share the goal of an attractive and stable environment for reciprocal investments. They recognise the importance of cross-border investment and technology flows as a means for economic growth and development and foresee co-operation in this respect in several ways. Investment issues will be reassessed in the Joint Committee within five years after the entry into force of the Agreement. (Article 28)

As far as government procurement is concerned, the Parties will exchange information and co-operate in order to enhance the understanding of their respective procurement markets. At the latest five years after the entry into force of the Agreement, the question of mutual liberalisation of the procurement markets of the Parties will be addressed (Article 29).

If a Party enters into preferential agreements with a third country in any of the fields of trade in services, investment and government procurement, it shall, upon request, provide the other Parties with the opportunity to agree on comparable conditions on a mutually beneficial basis.

ECONOMIC CO-OPERATION AND TECHNICAL ASSISTANCE

In line with the declared goal (as set out in the Preamble of the Agreement) to further economic and social development in the SACU States with the support of the EFTA States, the Agreement contains extensive provisions on economic co-operation and technical assistance. In the spirit of fostering economic co-operation, the EFTA States undertake to provide technical assistance to the SACU States in order to assist them in the implementation of the Agreement. The Parties will also co-ordinate efforts with relevant international organisations. The assistance provided will focus on exchange of information, transfer of expertise, and training with regard to trade policy, trade facilitation and trade promotion; customs and origin matters; technical regulations, standards and conformity assessment as well as sanitary and phytosanitary measures; local enterprise development; and regulatory assistance and implementation of laws in areas such as services, investment, intellectual property and public procurement (Article 30-32).

INSTITUTIONAL AND PROCEDURAL PROVISIONS

A Joint Committee composed of representatives of the EFTA States and the SACU States will supervise and administer the application of the Agreement (Article 33-34). The Parties may hold consultations and, failing agreement, apply provisional measures. Any Party may refer a dispute over the interpretation of rights and obligations under the Agreement to binding arbitration if consultations do not lead to a solution (Article 35-37).
