

FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND TUNISIA

Summary

The Free Trade Agreement between the EFTA States and Tunisia was signed in Geneva, Switzerland on 17 December 2004. It entered into force on 1 June 2005 for Liechtenstein and Switzerland, 1 August 2005 for Norway and 1 March 2006 for Iceland. The Agreement covers trade in industrial products, including fish and other marine products, and processed agricultural products. In addition, individual EFTA States and Tunisia concluded bilateral agreements on basic agricultural products, which form part of the instruments creating the free trade area.

The main objective of the Agreement (Objectives, Article 1) is to achieve the liberalisation of trade in goods in conformity with Article XXIV of the GATT 1994. By 1 July 2008, customs duties on almost all industrial products will have been eliminated.

The Agreement also includes provisions relating to the elimination of other trade barriers as well as trade-related disciplines including rules of competition, state monopolies and subsidies. Moreover, the Agreement contains provisions on the protection of intellectual property, investment, services, current payments and capital movements, government procurement, economic co-operation and institutional and procedural matters. The Agreement establishes a Joint Committee which supervises its application and provides for binding arbitration.

NAVIGATING THE AGREEMENT

The Agreement consists of a total of 46 Articles, a Record of Understanding, six Annexes (I to VI) and two protocols (A and B) (table of contents).

- **General provisions**
- **Trade in Goods**
- **Protection of Intellectual Property**
- **Investment**
- **Services**
- **Current Payments and Capital Movements**
- **Government Procurement**
- **Economic Co-operation and Technical Assistance**
- **Institutional and Procedural provisions**
- **Final provisions**

TRADE IN GOODS

Bilateral trade in goods between the EFTA States and Tunisia amounted to 99 million USD in 2003, with EFTA exports amounting to 67 million USD, whereas import from Tunisia to the EFTA States represented 32 million USD (EFTA trade statistics/Tunisia).

Rules of Origin

The rules of origin for industrial goods (Article 5 and Protocol B) concerning the definition of the concept of originating products and the methods for administrative co-operation are based on the current Euro-Mediterranean (Euro-Med) model, maintaining the general structure and the substance of the European standard rules. The specific list rules (Annex II to Protocol B) are also based on the current Euro-Med model.

Industrial Goods

The Agreement provides for effective market access for industrial goods in terms of tariffs and rules of origin, creating EU parity for EFTA exports to Tunisia. By 1 July 2008, almost all industrial goods originating in the EFTA States will enjoy duty free access into Tunisia (Article 6 and Annex IV). Tunisian exports into the EFTA States are duty-free as from the entry into force of the Agreement.

Fish and marine products

The Agreement covers trade in all fish and other marine products (Article 4(1)(c) and Annex III). The EFTA States grant duty-free access on imports of all Tunisian fish products. As regards EFTA exports to Tunisia, the Agreement provides for the lowering of tariffs within quotas from the entry into force of the Agreement. Further reduction of duties on such products is subject to a review by the Parties, however a full elimination of customs duties on all fish and other marine products is foreseen to take place no later than 18 years after the entry into force of the Agreement.

Agricultural products

Trade in processed agricultural products is covered in a Protocol to the main Agreement (Article 4(1)(b) and Protocol A).

In addition, trade in basic agricultural products is covered in three bilateral agreements negotiated separately between Iceland (Agricultural Agreement between Iceland and Tunisia), Norway (Agricultural Agreement between Norway and Tunisia) and Switzerland/Liechtenstein (Agricultural Agreement between Switzerland and Tunisia) on the one hand and Tunisia on the other hand. These agreements, which form part of the instruments establishing the free trade area (Article 4(2)), provide for tariff concessions. Each agreement contains specific rules of origin, generally based on the “wholly-obtained” criteria.

Competition

Agreements between, and abuses of dominant positions by, economic operators of the Parties are incompatible with the Agreement if they affect trade between the EFTA States and Tunisia. In such a case, a Party may bring the matter before the Joint Committee and, failing an agreement between the Parties concerned, may take appropriate measures. (Article 17).

INTELLECTUAL PROPERTY

The Agreement sets a high standard for the protection of intellectual property rights, covering areas including patents, copyright, industrial designs, undisclosed information and geographical indications. It goes, in certain areas, beyond what is provided for in

the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and other international conventions and treaties (IPR Article 23 and Annex V IPR).

INVESTMENT AND SERVICES, PAYMENTS AND TRANSFERS

The Parties have agreed to create stable, favourable and transparent conditions for companies of the other Parties that are making or seeking to make investments in their territories. They grant each other's investments full protection and security as well as fair and equitable treatment in accordance with international law (Articles 24 and 25).

The Parties aim at achieving gradual liberalisation and the mutual opening of their markets for trade in services in accordance with the provisions of the General Agreement on Trade in Services (GATS). Moreover, the EFTA States and Tunisia will enter into consultations if additional benefits are granted to a third party (Article 26).

The Agreement provides for unrestricted payments concerning "current transactions" and ensures that capital relating to direct investments can move freely, including repatriation and liquidation of benefits (Articles 27 and 28).

GOVERNMENT PROCUREMENT

The Parties aim at a reciprocal and gradual liberalisation of procurement contracts, to be implemented on the basis of decisions by the Joint Committee, which is set up under the Agreement. The Agreement opens up for negotiations with a view to extending possible future additional benefits granted to third parties by either the EFTA States or Tunisia (Article 30).

ECONOMIC CO-OPERATION AND TECHNICAL ASSISTANCE

The EFTA States commit themselves to engage in economic co-operation and to provide technical assistance to Tunisia in order to facilitate the implementation of the Agreement. Such co-operation and assistance include the enhancement of trading and investment opportunities and support to Tunisia's own efforts to achieve sustainable economic and social development. They will focus on sectors that face particular challenges as well as on sectors that will generate growth and employment (Articles 31 to 33).

INSTITUTIONAL AND PROCEDURAL PROVISIONS

A Joint Committee composed of representatives of the EFTA States and Tunisia supervises and administers the application of the Agreement (Articles 34 and 35). The Parties may hold consultations and, failing an agreement, apply provisional measures (Articles 36 and 37).

Moreover, Tunisia or any EFTA State may refer a dispute relating to the interpretation of rights and obligations under the Agreement to binding arbitration if consultations do not lead to a settlement. The arbitral tribunal will settle the dispute in accordance with the provisions of the Agreement and the customary rules of interpretation of public international law (Article 38).

