

## **FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND LEBANON**

### **Summary**

The Free Trade Agreement between the EFTA States and Lebanon was signed in Montreux, Switzerland on 24 June 2004. The Agreement covers trade in industrial products, including fish and marine products. In addition, bilateral agreements on basic agricultural products between the individual EFTA countries and Lebanon have been concluded and form part of the instruments creating the free trade area.

Among the objectives of the Agreement ([link: Objectives, Article 1](#)) is the progressive liberalisation of trade in goods in conformity with Article XXIV of the GATT. By 1 March 2015, virtually all customs duties on trade in industrial goods and fish and other marine products will be 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 state aid. Moreover, the Agreement contains Chapters on intellectual property, services, investment as well as payments and transfers. The Agreement establishes a Joint Committee which supervises the application of the Agreement and provides for binding arbitration.

### **NAVIGATING THE AGREEMENT**

The Agreement consists of a total of 42 Articles, five Annexes (I to V), three protocols (A to C) and a Final Act ([link: table of contents](#)).

- **General provisions**
- **Trade in Goods**
- **Intellectual Property**
- **Investment and Services**
- **Payments and Transfers**
- **Government Procurement**
- **Economic Co-operation and Technical Assistance**
- **Institutional and Procedural provisions**
- **Final provisions**

### **TRADE IN GOODS**

Lebanon is a promising trading partner for the EFTA States in the Middle East and an important market for EFTA exports with significant growth potential.

Bilateral trade in goods in 2003 amounted to 274 million USD, with EFTA exports amounting to 129 million USD, whereas the EFTA States import from Lebanon represented 145 million USD ([link: EFTA trade statistics/Lebanon](#)).

***Rules of Origin***

The rules of origin for industrial goods ([link: 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 ([link: 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 Lebanon. By 1 March 2015, all industrial goods originating in the EFTA States will enjoy duty free access into Lebanon ([link: Article 6 and paragraphs 1 and 2 to Annex IV](#)). Lebanese 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 ([link: Article 4\(1\)\(c\) and Annex III](#)). The EFTA States grant duty-free access on imports of all Lebanese fish products. By 1 March 2015, the remaining Lebanese tariffs on fish and other marine products will be brought down to zero ([link: Articles 4 and 5 in Annex III](#)).

***Agricultural products***

Trade in processed agricultural products is covered in a Protocol to the main Agreement ([link: Article 4\(1\)\(b\) and Protocol A](#)).

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

***Competition***

Cartels between, and the abuse of a dominant position by, economic operators of the Parties are incompatible with the Agreement if they affect trade between the EFTA States and Lebanon. 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. The Agreement also foresees an exchange of information between the Parties with respect to the enforcement of their competition laws ([link: 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 ([link: IPR Article 24 and Annex V IPR](#)).

## **INVESTMENT AND SERVICES, PAYMENTS AND TRANSFERS**

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 Lebanon will consider extending to each other additional benefits that either side may grant to a third party ([link: Article 25](#)).

Under the Agreement, payments relating to trade and investment-related transfers must not be restricted ([link: Article 27](#)). The Parties share the goal of promoting, through different means, an attractive and stable environment for reciprocal investments ([link: Article 26](#)).

## **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 Lebanon ([link: Article 28](#)).

## **ECONOMIC CO-OPERATION AND TECHNICAL ASSISTANCE**

In order to facilitate the implementation of the Agreement, the EFTA States and Lebanon will elaborate modalities for technical assistance and co-operation and co-ordinate their efforts with relevant international organisations ([link: Article 29](#)).

## **INSTITUTIONAL AND PROCEDURAL PROVISIONS**

A Joint Committee composed of representatives of the EFTA States and Lebanon supervises the application of the Agreement ([link: Articles 30 and 31](#)). The Parties may hold consultations and, failing an agreement, apply provisional measures ([link: Articles 32 and 33](#)).

Moreover, Lebanon 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 ([link: Article 34](#)).

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