

FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND CANADA

Summary

The Free Trade Agreement between the EFTA States and Canada was signed in Davos, Switzerland on 26 January 2008 and entered into force on 1 July 2009.

The Agreement covers trade in industrial products, including fish and other marine products, and processed agricultural products. Basic agricultural products are covered by agreements concluded bilaterally between Canada and Iceland, and Norway, and Switzerland, at the same time as the Free Trade Agreement. Switzerland represents Liechtenstein for purposes of these bilateral agreements, which form part of the instruments establishing a free trade area between the Parties.

The Agreement aims at liberalising and facilitating trade in goods in conformity with the relevant WTO provisions. Most industrial goods, including fish and other marine products, will benefit from duty-free access to the respective markets as of the entry into force of the Agreement. The elimination of barriers to trade and duty-free access to industrial products of each other's markets is expected to boost trade flows between Canada and EFTA countries.

The Agreement also includes references to existing WTO obligations in the areas such as services, investment and public procurement. General principles regarding competition law and policy are also set out in the Agreement. The Canada-EFTA Joint Committee, established by the Agreement, will supervise the application of the Agreement which also provides for binding arbitration.

NAVIGATING THE AGREEMENT

The main Agreement consists of a total of 43 Articles and eleven annexes (A to K).

- Trade in goods**
- Services and investment**
- Competition**
- Other common rules**
- Institutional provisions**
- Dispute settlement**

TRADE IN GOODS

Most industrial goods, including fish and other marine products, will benefit from duty-free access to the respective markets as of the entry into force of the Agreement. For ships, boats and floating structures imported into Canada, customs duties are to be eliminated after a transitional period of up to 15 years.

The Agreement provides for tariff concessions on processed agricultural products. Tariff concessions on selected basic agricultural products are covered by the bilateral agricultural agreements, which are part of the instruments establishing a free trade area between the Parties.

For the rules of origin, determining whether a product is eligible for preferential treatment, the Agreement adopts a hybrid of the Canadian and EFTA approaches.

The Agreement also includes provisions on sanitary and phytosanitary measures and technical regulations in conformity with the relevant WTO Agreements.

SERVICES AND INVESTMENT

The Parties recognise the ever increasing importance of trade in services and investment in their economies. They agree to work together to create the most favourable conditions for expanding investment and achieving further liberalisation and additional mutual opening of markets for trade in services whilst taking into account on-going work under the auspices of the WTO. They also agree to encourage the relevant bodies in their respective territories to co-operate with a view to achieving mutual recognition for licensing and certification of professional service suppliers. The Joint Committee shall review issues related to services and investment and consider the adoption of liberalisation measures no later than three years after the entry into force of the Agreement.

COMPETITION

Parties agree that anti-competitive business conduct can hinder the fulfilment of the objectives of the Agreement. Accordingly, each Party shall adopt or maintain measures to prohibit such conduct.

The Parties also recognise the importance of co-operation and co-ordination on general issues relating to competition law enforcement policy.

OTHER COMMON RULES

The Agreement contains provisions on subsidies, anti-dumping, state trading enterprises and public procurement, which are in line with the respective WTO rules. The same is the case for exceptions and safeguards. Furthermore, the Agreement includes a provision on trade facilitation which is in conformity with relevant international instruments.

INSTITUTIONAL PROVISIONS

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

DISPUTE SETTLEMENT

A chapter on dispute settlement contains rules and procedures for the settlement of disputes arising from the Agreement between one or more EFTA States and Canada.
