FREE TRADE AGREEMENT BETWEEN CANADA AND THE STATES OF THE EUROPEAN FREE TRADE ASSOCIATION (ICELAND, LIECHTENSTEIN, NORWAY AND SWITZERLAND)

Canada, and the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the Swiss Confederation (the "EFTA States"), hereinafter collectively referred to as the "Parties",

Resolved to strengthen the special bonds of friendship and co-operation among their nations;

Reaffirming their commitment to the United Nations Charter and the Universal Declaration of Human Rights;

Desiring to contribute to the harmonious development and expansion of world trade and provide a catalyst to broader international and transatlantic co-operation;

Determined to create an expanded and secure market for the goods produced in their territories;

Wishing to establish a free trade area through the removal of trade barriers;

Committed to reduce distortions of trade;

Resolved to establish clear and mutually advantageous rules governing their trade;

Intending to enhance the competitiveness of their firms in global markets;

Aiming to create new employment opportunities and improve working conditions and living standards in their respective territories; Determined to ensure that the gains from trade liberalisation are not offset by the erection of private, anti-competitive barriers;

Recalling the Arrangements on Trade and Economic Co-operation that were signed: between the Government of Canada and the Government of the Kingdom of Norway, on 3 December 1997; between the Government of Canada and the Government of the Swiss Confederation, on 9 December 1997; and between the Government of Canada and the Government of the Republic of Iceland, on 24 March 1998;

Building on their respective rights and obligations under the Marrakesh Agreement Establishing the World Trade Organization, done on 15 April 1994 (hereinafter referred to as the "WTO Agreement"), the other agreements negotiated thereunder and other multilateral and bilateral instruments of co-operation;

Taking into account the Agreement on Mutual Recognition in Relation to Conformity Assessment between Canada and Switzerland, done at Ottawa on 3 December 1998; and the Agreement on Mutual Recognition in Relation to Conformity Assessment between Canada and the Republic of Iceland, the Principality of Liechtenstein, and the Kingdom of Norway, done at Brussels on 4 July 2000;

Recognizing the importance of trade facilitation in promoting efficient and transparent procedures to reduce costs and ensure predictability for the Parties' respective trading communities;

Committed to co-operate in promoting recognition that States must maintain the ability to preserve, develop and implement their cultural policies for the purpose of strengthening cultural diversity; Recognizing the need for mutually supportive trade and environmental policies in order to achieve the objective of sustainable development;

Affirming their commitment to economic and social development and the respect for the fundamental rights of workers and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work; and

Declaring their readiness to examine the possibility of developing and deepening their economic relations in order to extend them to fields not covered by this Agreement;

Have agreed as follows:

Section I. Objectives and Scope

Article 1. Objectives

1. The Parties hereby establish a free trade area in accordance with this Agreement.

2. The objectives of this Agreement are:

a. to promote, through the expansion of reciprocal trade, the harmonious development of the economic relations between Canada and the EFTA States and thus to foster in Canada and in the EFTA States the advancement of economic activity;

b. to provide fair conditions of competition affecting trade between the Parties;

c. to establish a framework for further co-operation between Canada and the EFTA States in the light of developments in international economic relations, in particular with the aim of liberalising trade in services and increasing investment opportunities; and

d. to contribute in this way, by the removal of barriers to trade, to the harmonious development and expansion of world trade.

Article 2. Geographical Scope

1. Without prejudice to Annex C and except as otherwise provided elsewhere in this Agreement, this Agreement shall apply to:

a. the land territory, air space, internal waters and territorial sea over which a Party exercises sovereignty; and

b. the exclusive economic zone and the continental shelf of a Party, as determined by its domestic law, consistent with international law.

2. Annex A applies with respect to the Kingdom of Norway.

Section II. Trade In Goods

Article 3. Coverage

1. This Agreement applies to trade in goods of a Party, except as otherwise provided in this Agreement and in the bilateral Agreements on trade in agricultural products referred to in paragraph 2.

2. The Parties declare their readiness to foster, in so far as their agricultural policies allow, harmonious development of trade in agricultural products. In pursuance of this objective, Canada and each individual EFTA State have concluded bilateral Agreements on trade in agricultural products. These Agreements shall form part of the instruments establishing the free trade area between Canada and the EFTA States.

3. In this Agreement:

a. "goods of a Party" means domestic products as these are understood in the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the "GATT 1994"), or such goods as the Parties may agree, and includes originating products of that Party;

b. "originating products of a Party" means goods of a Party qualifying under the rules of origin set out in Annex C.

Article 4. National Treatment

1. The Parties shall apply national treatment in accordance with Article III of the GATT 1994, which is incorporated into and made part of this Agreement.

2. Paragraph 1 does not apply to the measures set out in Annex B.

Article 5. Import and Export Restrictions

1. Prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licences or other measures, shall be prohibited in trade between the Parties in accordance with Article XI of the GATT 1994, which is incorporated into and made part of this Agreement.

2. Paragraph 1 does not apply to the measures set out in Annex B.

Article 6. Sanitary and Phytosanitary Measures

The rights and obligations of the Parties in respect of sanitary and phytosanitary measures shall be governed by the WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

Article 7. Technical Regulations

1. The rights and obligations of the Parties in respect of technical regulations, standards and conformity assessment shall be governed by the WTO Agreement on Technical Barriers to Trade (hereinafter referred to as the "WTO TBT Agreement").

2. Notwithstanding paragraph 1, the rights and obligations of Canada and the EFTA States in the field of mutual recognition of conformity assessment shall be governed:

a. as between Canada and the Swiss Confederation, by the Agreement on Mutual Recognition in Relation to Conformity Assessment of 3 December 1998; and

b. as between Canada, on the one hand, and the Republic of Iceland, the Principality of Liechtenstein and the Kingdom of Norway, on the other, by the Agreement on Mutual Recognition in Relation to Conformity Assessment of 4 July 2000.

3. The Parties shall strengthen their co-operation in the field of technical regulations, standards and conformity assessment.

4. Without prejudice to paragraph 1, where Canada or an EFTA State considers that one or more EFTA States or Canada have taken a measure that is likely to create, or has created, an obstacle to trade, the Parties concerned shall hold consultations under the framework of the Joint Committee in order to attempt to find an appropriate solution in conformity with the WTO TBT Agreement. This paragraph is limited to matters falling within the scope of paragraph 1 and does not apply to matters falling within the scope of either of the Agreements on Mutual Recognition listed in paragraph 2. In matters falling within the scope of paragraph 2, the procedures of the applicable Agreement on Mutual Recognition shall apply.

Article 8. Rules of Origin and Administrative Co-operation

The provisions on rules of origin and administrative co-operation are set out in Annex C.

Article 9. Sub-committee on Rules of Origin and Trade In Goods

1. The Parties hereby establish a Sub-Committee on Rules of Origin and Trade in Goods of the Joint Committee. 2. The mandate of the Sub-Committee is set out in Annex D.

Article 10. Customs Duties

1. Customs duties shall be prohibited in respect of the following originating products of the Parties as of the date of entry into force of this Agreement, except as otherwise provided for in Annex E:

a. products falling within Chapters 25 through 97 of the Harmonized Commodity Description and Coding System (hereinafter referred to as the "Harmonized System"), excluding the products listed in Annex F;

b. products falling within Chapters 1 through 24 of the Harmonized System specified in Annex G, with due regard to the provisions of that Annex; and

c. fish and other marine products as provided for in Annex H.

2. A customs duty includes any duty or charge of any kind imposed in connection with the importation or exportation of a product, including any form of surtax or surcharge in connection with such importation or exportation, but does not include any:

a. charge equivalent to an internal tax imposed consistently with Article 4;

b. anti-dumping or countervailing duty; or

c. fee or other charge, provided that it is limited in amount to the approximate cost of services rendered.

3. Paragraphs 1 and 2 shall not prevent any Party from introducing, reintroducing or increasing a customs duty vis-à-vis another Party, as may be authorizedby or pursuant to the WTO Agreement, in particular pursuant to the rules and procedures on dispute settlement, but excluding any modification of schedules and tariff modifications in accordance with Article XXVIII of the GATT 1994.

Article 11. Base Rate of Customs Duties

For each product, the base rate of customs duties, to which the successive reductions set out in Annex E are to be applied, shall be the most-favoured nation (hereinafter referred to as "MFN") customs duty rate applied on 1 January 2007.

Section III. Services and Investment

Article 12. Services and Investment

1. The Parties recognise the increasing importance of trade in services and investment in their economies. In their efforts to gradually develop and broaden their co-operation, they will work together with the aim of creating the most favourable conditions for expanding investment between them and achieving further liberalisation and additional mutual opening of markets for trade in services, taking into account on-going work under the auspices of the WTO.

2. Upon request of a Party, the requested Party shall endeavour to provide information on any of its measures that may have an impact on trade in services or investment.

3. The Parties shall 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.

4. The Parties shall jointly review issues related to services and investment in the Joint Committee and consider the adoption of liberalisation measures with due regard to Article V of the WTO General Agreement on Trade in Services and in the light of developments in multilateral and bilateral agreements. Such a review shall take place no later than three years after the entry into force of this Agreement.

5. Any future negotiation on services and investment between Canada and the EFTA States shall be based on the principles of non-discrimination and transparency.

Article 13. Temporary Entry

1. The Parties recognise that investment and services are growing in importance in relation to trade in goods. Each Party shall, in accordance with its applicable laws:

a. facilitate the temporary entry into its territory of nationals of another Party who are intra-corporate transferees (managers, executives, specialists) and business visitors;

b. facilitate the temporary entry into its territory of nationals of another Party who render services directly related to the exportation of goods by an exporter of that same Party into the territory of the Party concerned; and

c. facilitate the entry into its territory of spouses and children of nationals described in sub-paragraph (a) above.

2. The Joint Committee shall monitor the operation and implementation of this Article and deal with issues of implementation or administration related to temporary entry.

3. No later than one year after the date of entry into force of this Agreement, each Party shall make available explanatory material regarding the requirements for temporary entry under this Article, in such a manner as will enable nationals of the other Parties to become acquainted with them.

4. For the purposes of this Article:

a. "temporary entry" means the right to enter and remain for the period authorised;

b. "national" means a natural person who is a citizen or a permanent resident of a Party; and

c. "business visitors" means short term visitors who do not intend to enter the labour market of the Parties, but seek entry to engage in activities such as buying or selling goods or services, negotiating contracts, conferring with colleagues, or attending conferences.

Section IV. Competition Law and Policy

Article 14. General Principles

1. The Parties agree that anti-competitive business conduct can hinder the fulfilment of the objectives of this Agreement. Accordingly, each Party shall adopt or maintain measures to proscribe such conduct and take appropriate action with respect thereto, acknowledging that such measures may be brought about by a Party's obligations entered into through other international agreements, such as the Agreement on the European Economic Area, done at Brussels on 17 March 1993, to which certain EFTA States are party. The Parties shall, upon request of a Party, consult about the effectiveness of measures undertaken by each Party.

2. Each Party shall ensure that the measures referred to in paragraph 1, and the actions it takes pursuant to those measures, are applied on a non-discriminatory basis.

3. For the purpose of this Chapter, "anti-competitive business conduct" includes, but is not limited to, anti-competitive agreements, concerted practices or arrangements by competitors, anti-competitive practices by an enterprise that is dominant in a market and mergers with substantial anti-competitive effects, unless such conduct is excluded directly or indirectly from the coverage of a Party's own laws or authorised in accordance with those laws. All such exclusions and authorisations should be transparent and should be reviewed periodically to assess whether they are necessary to achieve their overriding policy objectives.

4. No Party may have recourse to dispute settlement under this Agreement for any matter arising under this Chapter.

Article 15. Co-operation

1. The Parties recognise the importance of co-operation and co-ordination on general issues relating to competition law enforcement policy, such as notification, consultation and exchange of information relating to the enforcement of competition laws and policies.

2. Unless providing notice would harm its important interests, a Party shall notify another Party when a proposed or actual competition law enforcement action may have an effect on that other Party's important interests, and give full and sympathetic consideration to the views expressed by that other Party, including possible ways of fulfilling its enforcement needs without harming those interests.

3. If a Party considers that any specified anti-competitive business conduct carried out within the territory of another Party is adversely affecting an important interest referred to in paragraph 2, that Party may notify the other Party and may request that the Party or its competition authority initiate appropriate enforcement action.

4. The notifying Party shall include in its notification sufficient information to permit the notified Party to identify the anti-competitive business conduct that is the subject of the notification and shall include an offer to provide such further information and co-operation as the notifying Party is able to provide. The notified Party may consult with the notifying Party and shall accord full and sympathetic consideration to the request of the notifying Party in deciding whether to initiate enforcement action with respect to the anti-competitive business conduct identified in the notification. The Parties may conduct such consultations through their respective competition authorities.

5. The notified Party shall inform the notifying Party of its decision and may include the grounds for the decision. If enforcement action is initiated, the notified Party shall advise the notifying Party of its outcome and, to the extent possible, of any significant interim development. The Parties may act under this paragraph through their respective competition authorities.

Article 16. Communication of Information

Nothing in this Chapter shall require the communication of information by a Party, including its competition authority, if such communication is prohibited by its laws, including those regarding disclosure of information, confidentiality and business secrecy.

Section V. Other Common Rules

Article 17. Subsidies

1. Subject to paragraphs 2 and 3, the rights and obligations of the Parties in respect of subsidies and the application of countervailing measures shall be governed by Articles VI and XVI of the GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures.

2. Each Party shall designate, and provide full contact information for, a person that the other Parties can contact with respect to any matter concerning subsidies or countervailing measures.

3. Before initiating an investigation under Part V of the WTO Agreement on Subsidies and Countervailing Measures, the competent investigating authority of Canada or the EFTA State, as the case may be, shall notify, in writing, the Party whose goods would be subject to the investigation and allow such Party a period of 25 days from the date upon which notification was given, for consultations, with a view to finding a mutually acceptable solution. The outcome of such consultations shall be communicated to the other Parties after the decision has been made on whether or not to initiate the investigation.

Article 18. Anti-dumping

1. Subject to paragraphs 2 and 3, the rights and obligations of the Parties in respect of the application of anti-dumping measures shall be governed by Article VI of the GATT 1994 and the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994.

2. Each Party shall designate, and provide full contact information for, a person that the other Party may contact with respect to any matter concerning anti-dumping measures.

3. The Parties shall, within three years after the entry into force of this Agreement, meet to review this Article.

Article 19. State Trading Enterprises

The rights and obligations of the Parties in respect of State trading enterprises shall be governed by Article XVII of the GATT 1994 and the WTO Understanding on the Interpretation of Article XVII of the General Agreement on Tariffs and Trade 1994.

Article 20. Public Procurement

1. The rights and obligations of the Parties in respect of public procurement shall be governed by the WTO Agreement on Government Procurement.

2. If, after the entry into force of this Agreement, Canada or the EFTA States enter into an international agreement that provides greater transparency or access to the procurement market or markets concerned than is provided under the WTO Agreement on Government Procurement, Canada or the EFTA States may request that the Parties enter into negotiations with a view to achieving a level of transparency or market access through this Agreement that is equivalent to that provided in the other agreement.

3. The Parties agree to co-operate in the Joint Committee, with the aim of achieving further liberalisation among them, of public procurement markets and greater transparency in public procurement. They shall meet to review this Article no later than three years after the entry into force of this Agreement.

Article 21. Trade Facilitation

To facilitate trade between Canada and the EFTA States, the Parties shall:

a. simplify, to the greatest extent possible, procedures for trade in goods and related services;

b. promote multilateral co-operation among them in order to enhance their participation in the development and implementation of international conventions and recommendations on trade facilitation; and

c. co-operate on trade facilitation within the framework of the Joint Committee, in accordance with the provisions set out in Annex I.

Section VI. Exeptions and Safeguards

Article 22. General Exceptions

For purposes of the Chapter on Trade in Goods, Article XX of the GATT 1994 is incorporated into and made part of this Agreement. The Parties understand that the measures referred to in Article XX(b) of the GATT 1994 include environmental measures necessary to protect human, animal or plant life or health, and that Article XX(g) of the GATT 1994 applies to measures relating to the conservation of living and non-living exhaustible natural resources.

Article 23. Other Exceptions

Without prejudice to the rights and obligations of the Parties pursuant to the WTO Agreement, Annex J shall apply to measures of a Party with respect to cultural industries.

Article 24. Security Exceptions

Nothing in this Agreement shall be construed:

a. to require any Party to furnish any information the disclosure of which it considers contrary to its essential security interests;

b. to prevent any Party from taking any action which it considers necessary for the protection of its essential security interests:

i. relating to fissionable materials or the materials from which they are derived;

ii. relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment; or

iii. taken in time of war or other emergency in international relations; or

c. to prevent any Party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

Article 25. Emergency Action

1. Where, during the transition period referred to in paragraph 9, as a result of the reduction or elimination of a customs duty under this Agreement, an originating product of a Party is being imported into the territory of another Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to constitute a substantial cause of serious injury or threat thereof to the domestic industry of like or directly competitive products in the importing Party, the importing Party may take emergency action to the minimum extent necessary to remedy or prevent the injury, subject to the provisions of this Article.

2. Each Party shall ensure equitable, transparent and effective procedures for emergency action proceedings. An emergency action proceeding may be instituted by a petition or a complaint by an entity representing the domestic industry producing a good like or directly competitive with the imported product. The Party receiving a petition or a complaint shall, without delay, deliver to the other Parties and the Joint Committee written notice of the institution of a proceeding that could result in the application of emergency action. The written notice shall contain the contact information of the Party's competent investigating authority.

3. An emergency action shall only be taken upon clear evidence that increased imports have caused or are threatening to cause serious injury pursuant to an investigation conducted in accordance with definitions and procedures equivalent to those of Articles 3 and 4 of the WTO Agreement on Safeguards.

4. The Party intending to take an emergency action under this Article shall, before taking an action, notify the other Parties and the Joint Committee. The notification shall contain all pertinent information, including evidence of serious injury or threat thereof caused by increased imports, a precise description of the product involved, and the proposed action, as well as the proposed date of introduction, and expected duration of the action. A Party that may be affected by the action shall be offered compensation in the form of substantially equivalent trade liberalization in relation to the imports from such Party.

5. If the conditions in paragraph 1 are met, and following an examination by the Joint Committee as set out in paragraph 7, the importing Party may increase the rate of customs duty for the product to a level not to exceed the lesser of:

a. the MFN rate of duty applied at the time the action is taken; or

b. the MFN rate of duty applied on the day immediately preceding the date of the entry into force of this Agreement.

6. An emergency action shall be taken for a period not exceeding three years, and shall not extend beyond the end of the transition period referred to in paragraph 9. No action shall be applied to the import of a product that has previously been the subject of such an action.

7. The Joint Committee shall, within 30 days from the date of notification referred to in paragraph 4, examine the information provided under paragraph 4 in order to facilitate a mutually acceptable resolution of the matter. In the absence of such resolution, the importing Party may take an action in accordance with paragraph 5 and, in the absence of mutually agreed compensation, the Party against whose product the action is taken may take compensatory action. The emergency action and the compensatory action shall be immediately notified to the other Parties and the Joint Committee. In the selection of the emergency action and the compensatory action, priority must be given to the action which least disturbs the functioning of this Agreement. The compensatory action shall consist of suspension of tariff concessions under this Agreement having substantially equivalent trade effects or concessions substantially equivalent to the value of the additional duties expected to result from the emergency action. The Party taking compensatory action shall apply the action only for the minimum period necessary to achieve the substantially equivalent trade effects and in any event, only while the measure under paragraph 5 is being applied.

8. Upon the termination of the emergency action, the rate of customs duty shall be the rate that would have been in effect but for the action.

9. Unless extended by the Joint Committee as set out in paragraph 10, the transition period referred to in paragraphs 1 and 6 is the longer of:

a. the five-year period beginning on the date of entry into force of this Agreement; or, where applicable,

b. the staged tariff elimination set out for a product in a Party's schedule in Annex E.

10. In the fifth year after the date of entry into force of this Agreement, the Parties shall consider, in the Joint Committee, whether there is a need to extend the transition period for certain products. The Joint Committee may extend the transition period for a certain product, in which case the transition period for that product shall be in accordance with the decision of the Joint Committee.

11. Each Party retains its rights and obligations under Article XIX of the GATT 1994 and the WTO Agreement on Safeguards.

Section VII. Institutional Provisions

Article 26. The Joint Committee

1. The Parties hereby establish the Canada-EFTA Joint Committee which shall be composed of representatives of the Parties.

2. The Joint Committee shall:

a. supervise the implementation of this Agreement;

b. keep under review the possibility of further removal of barriers to trade and other restrictive regulations of commerce between Canada and the EFTA States;

c. oversee the further elaboration of this Agreement;

d. supervise the work of all sub-committees and working groups established under this Agreement;

e. discuss, upon request by a Party, measures with respect to cultural industries maintained or adopted under Annex J;

f. discuss, upon request by a Party, the application of an emergency action taken under Article 25;

g. endeavour to resolve disputes that may arise regarding the interpretation or application of this Agreement; and

h. consider any other matter that may affect the operation of this Agreement.

3. The Joint Committee may decide to set up such sub-committees and working groups as it considers necessary to assist it in accomplishing its tasks. Except where specifically provided for in this Agreement, the sub-committees and working groups shall work under a mandate established by the Joint Committee.

4. The Joint Committee may take decisions as provided in this Agreement. On other matters the Joint Committee may make

recommendations.

5. The Joint Committee shall take decisions and make recommendations by consensus.

6. The Joint Committee shall normally convene once a year in a regular meeting. The regular meetings of the Joint Committee shall be chaired jointly by Canada and one of the EFTA States. The Joint Committee shall establish its rules of procedure.

7. Each Party may request at any time, through a notice in writing to the other Parties, that a special meeting of the Joint Committee be held. Such a meeting shall take place within 30 days of receipt of the request.

Section VIII. Dispute Settlement

Article 27. Choice of Forum

1. Subject to paragraph 2 and except as otherwise provided elsewhere in this Agreement, any dispute regarding any matter arising under both this Agreement and the WTO Agreement may be settled in either forum at the discretion of the complaining Party.

2. Before Canada initiates against an EFTA State or an EFTA State initiates against Canada a dispute settlement proceeding in the WTO on grounds that are substantially equivalent to those available to that Party under this Agreement, that Party shall notify the other Parties of its intention. If an EFTA State initiates a dispute settlement proceeding against Canada and another EFTA State wishes also to have recourse to dispute settlement procedures against Canada as a complainant under this Agreement regarding the same matter, it shall inform promptly the notifying Party and those Parties shall consult with a view to agreeing on a single forum. If those Parties cannot agree, the dispute shall be settled under this Agreement.

3. Once dispute settlement procedures have been initiated under this Agreement pursuant to Article 29 or dispute settlement proceedings have been initiated under the WTO Agreement, the forum selected shall be used to the exclusion of the other.

4. For purposes of this Article, dispute settlement proceedings under the WTO Agreement are deemed to be initiated by a Party's request for the establishment of a panel, such as under Article 6 of the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes.

5. The provisions of this Chapter do not apply to any matters falling within the scope of any one of the following provisions: Article 6; paragraphs 1 and 2 of Article 7. any provision of Chapter IV (Competition Law and Policy); paragraph 1 of Article 17; paragraph 1 of Article 18; Article 19; paragraph 1 of Article 20; or paragraph 11 of Article 25.

Article 28. Consultations

1. The Parties shall at all times endeavour to agree on the interpretation and application of this Agreement, and shall make every attempt through co-operation and consultations to arrive at a mutually satisfactory resolution of any matter that might affect its operation.

2. Canada may request in writing consultations with any EFTA State, and any EFTA State may request in writing consultations with Canada, regarding any actual or proposed measure or any other matter that it considers might affect the operation of this Agreement. The Party requesting consultations shall at the same time notify the other Parties in writing thereof and supply all relevant information. Where an EFTA State has requested consultations with Canada, any other EFTA State may join in such a request as a co-complainant.

3. If any other Party so requests within ten days from the receipt of the notification referred to in paragraph 2, such Party shall be entitled to participate in the consultations.

4. The consultations shall commence within 30 days from the date of receipt of the request for consultations.

5. The Parties shall inform the Joint Committee of any discussions and decisions arrived at.

Article 29. Arbitration

1. Any dispute arising between Parties under this Agreement which has not been settled through consultations within 90 days from the date of the receipt of the request for consultation, may be referred to arbitration by one or more Parties to the dispute by means of a written notification addressed to the Party complained against. A copy of this notification shall be

communicated to all Parties to this Agreement. Where more than one Party requests the submission to an arbitral tribunal of a dispute with the same Party relating to the same question, a single arbitral tribunal should be established to consider such disputes whenever feasible.

2. The establishment and functioning of the arbitral tribunal are governed by Annex K.

3. Unless the Parties otherwise agree within 30 days from the date of the receipt of the notification referring the dispute to arbitration, the terms of reference shall be:

"To examine, in the light of the relevant provisions of this Agreement, the matter referred to arbitration (as described in the notification referred to in paragraph 1) and to make such findings, determinations and recommendations as provided in paragraph 6 of Article 29 of this Agreement."

4. If the complaining Party alleges that any benefit it could reasonably have expected to accrue to it directly or indirectly under Articles 4, 5, 8, 10 or 11, is being nullified or impaired as a result of the application of any measure that is not inconsistent with this Agreement, the terms of reference shall so indicate.

5. The arbitral tribunal shall interpret this Agreement in accordance with customary rules of interpretation of public international law.

6. The arbitral tribunal, in its award, shall set out:

a. its findings of law and fact, together with the reasons therefor;

b. its determination as to whether the measure at issue is or would be inconsistent with the obligations of this Agreement or cause nullification or impairment of benefits within the meaning of paragraph 4, or any other determination requested in the terms of reference; and

c. its recommendations, if any, for the resolution of the dispute and the implementation of the arbitral award.

7. The parts of the award of the arbitral tribunal referred to in sub-paragraphs (a) and (b) of paragraph 6 shall be final and binding upon the Parties to the dispute.

Article 30. Implementation of the Arbitral Award

1. On receipt of the arbitral award, the disputing Parties shall seek to agree on the implementation of the arbitral award, which, unless they decide otherwise by common accord, shall conform with the determinations and any recommendations of the arbitral tribunal. The disputing Parties shall notify the other Parties of any agreed resolution of the dispute.

2. Wherever possible, the resolution shall be non-implementation or removal of a measure not conforming with this Agreement or causing nullification or impairment of benefits within the meaning of paragraph 4 of Article 29 or, failing such a resolution, compensation.

Article 31. Non-implementation - Suspension of Benefits

1. In case of disagreement as to the existence or consistency of a measure implementing the arbitral award with the determinations and any recommendations of the arbitral tribunal, such dispute shall be decided by the same arbitral tribunal before compensation can be sought or suspension of benefits can be applied in accordance with paragraphs 3 through 5. If one or more members of the original arbitral tribunal are not available, a new arbitral tribunal shall be established in accordance with Annex K, to make this determination.

2. The complaining Party may not initiate arbitration under the preceding paragraph before a period of 12 months has expired following the rendering of the award pursuant to paragraph 6 of Article 29. The award of the tribunal referred to in the preceding paragraph shall normally be rendered within three months of the request for arbitration.

3. If the arbitral tribunal, in accordance with paragraph 1 has determined that an implementing measure is inconsistent with the determinations and any recommendations of the original arbitral tribunal, or that no implementing measures have been taken, and the Party complained against has not reached agreement with a complaining Party on a mutually satisfactory resolution within 30 days of receiving this award, the complaining Party may, until such time as the disputing Parties have reached agreement on a resolution of the dispute: a. seek compensation through an agreement with the Party complained against; or b. suspend the application to the Party complained against of benefits of equivalent effect.

4. Upon written request of any disputing Party delivered to the other Party or Parties, the same arbitral tribunal shall be

reconvened to determine whether the level of benefits suspended by a Party pursuant to paragraph 3 is of equivalent effect. If one or more members of the original arbitral tribunal are not available, a new arbitral tribunal shall be established in accordance with Annex K, to make this determination.

5. The proceedings of the arbitral tribunal reconvened or established under paragraph 4 shall be conducted in accordance with paragraph 3 of Annex K. The arbitral tribunal shall present its determination within 60 days after the date of the request referred to in paragraph 4, or such other period as the disputing Parties may agree.

Section IX. Final Clauses

Article 32. Evolutionary Clause

Without prejudice to the obligation to review specific Articles of this Agreement, the Parties undertake to review this Agreement in the light of further developments in international economic relations, including in the framework of the WTO, and to examine in this context and in the light of any relevant factors, the possibility of further developing and deepening the co-operation under this Agreement and to extend it to areas not covered therein. The Parties may examine this possibility through the Joint Committee and, where appropriate, open negotiations.

Article 33. Trade and Economic Relations Governed by this Agreement

The provisions of this Agreement apply to the trade and economic relations between, on the one side, Canada and, on the other side, the individual EFTA States, but not to the trade relations between individual EFTA States, unless otherwise provided in this Agreement.

Article 34. Relationship of this Agreement to Extraneous Agreements

Where this Agreement refers to or incorporates by reference extraneous agreements or legal instruments, or specific provisions therein, such references are intended to include related interpretative and explanatory notes.

Article 35. Sub-national Entities

Each Party is fully responsible for the observance of all provisions of this Agreement and shall take such reasonable measures as may be available to it to ensure observance of the provisions of this Agreement by the regional and local governments and authorities within its territory.

Article 36. Annexes

1. The Annexes to this Agreement constitute an integral part of it.

2. The Annexes may be amended by the Parties on the basis of a draft decision proposed by the Joint Committee. The Parties shall deposit their respective instruments of ratification, acceptance or approval of any such amendment with the Depositary. The amendment shall enter into force on the date of the deposit of the last instrument with the Depositary, unless the Parties agree otherwise.

Article 37. Transparency

1. The Parties shall publish, or otherwise make publicly available, their laws, regulations, procedures and administrative rulings and judicial decisions of general application as well as the international agreements which may affect the operation of this Agreement.

2. The Parties shall promptly respond to specific questions and provide, upon request, information to each other on matters referred to in paragraph 1.

Article 38. Amendments

1. This Agreement may be amended by the Parties on the basis of a draft decision proposed by the Joint Committee. The Parties shall deposit their respective instruments of ratification, acceptance or approval of any such amendment with the Depositary.

2. Amendments shall enter into force on the first day of the third month following the deposit of the last instrument of ratification, acceptance or approval.

Article 39. Additional Parties

The Parties may invite any State to become a Party to this Agreement. The terms and conditions of the participation by the additional Party shall be the subject of an agreement between the Parties and the invited State.

Article 40. Withdrawal and Termination

1. Canada, an EFTA State or any State that has become a Party to this Agreement may withdraw from this Agreement by means of a written notification to the Depositary. The withdrawal shall take effect on the first day of the sixth month after the date on which the notification was received by the Depositary.

2. If Canada withdraws, the Agreement shall expire on the date specified in paragraph 1.

3. If one of the EFTA States, or any State that has become a Party to this Agreement, withdraws from this Agreement, a meeting of the remaining Parties shall be convened to discuss the issue of the continued existence of this Agreement.

Article 41. Provisional Application

If their domestic requirements permit, Canada and any EFTA State may apply this Agreement and the bilateral Agreements on trade in agricultural products provisionally. Such provisional application shall commence as of the date of the entry into force of this Agreement between Canada and at least two EFTA States, in accordance with paragraph 2 of Article 42. Provisional application of such Agreements under this Article shall be notified to the Depositary.

Article 42. Entry Into Force

1. This Agreement is subject to ratification, acceptance or approval. The instruments of ratification, acceptance or approval shall be deposited with the Depositary.

2. This Agreement shall enter into force on the first day of the third month following the deposit by Canada and at least two of the EFTA States of their respective instruments of ratification, acceptance or approval with the Depositary, provided that the same Parties have exchanged their instruments of ratification, acceptance or approval in respect of the bilateral Agreement on trade in agricultural products concerned.

3. This Agreement shall enter into force for the other EFTA States at the date of the deposit of their respective instruments of ratification, acceptance or approval with the Depositary, provided Canada and the EFTA States concerned have exchanged instruments of ratification, acceptance or approval in respect of the corresponding bilateral Agreements on trade in agricultural products.

4. Should Canada and Liechtenstein apply this Agreement provisionally between them, this Agreement shall enter into force on the same date as for Switzerland, following Liechtenstein's deposit of its instrument of ratification, acceptance or approval with the Depositary.

Article 43. Depositary

The Kingdom of Norway shall act as Depositary.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto, have signed this Agreement.

Done in duplicate at Davos, this 26th day of January 2008, in the English and French languages, each version being equally authentic. One original shall be deposited by the EFTA States with the Depositary.

For Canada

For the Republic of Iceland

For the Principality of Liechtenstein

For the Kingdom of Norway

For the Swiss Confederation

Annex K. REFERRED TO IN ARTICLE 29.

ESTABLISHMENT AND FUNCTIONING OF THE ARBITRAL TRIBUNAL

1. Each member of the arbitral tribunal shall:

(a) have expertise or experience in international law, international trade, other matters covered by this Agreement, or the resolution of disputes arising under international trade agreements;

(b) be chosen strictly on the basis of objectivity, reliability and sound judgment;

(c) be independent of, and not be affiliated with or take instructions from, any Party, nor have dealt with the case in any capacity; and

(d) comply with any code of conduct for dispute settlement adopted by the Joint Committee.

2. The following procedures shall apply to the selection of the members of the arbitral tribunal:

(a) the arbitral tribunal shall comprise three members;

(b) in its written notification pursuant to Article 29 of this Agreement, the Party or Parties referring the dispute to arbitration shall designate one member of the arbitral tribunal, who meets the criteria of paragraph 1 of this Annex. Such member may be a national of the referring Party or Parties;

(c) within 15 days from the receipt of the notification referred to in subparagraph 2(b), the Party or Parties to which it was addressed shall, in turn, designate one member, who meets the criteria of paragraph 1. Such member may be a national of the designating Party or Parties;

(d) within 30 days from the receipt of the notification referred to in subparagraph 2(b), the Parties concerned shall agree on the designation of a third member, who meets the criteria of paragraph 1. The third member shall not be a national of any of the Parties to this Agreement, nor permanently reside in the territory of any such Party. The member thus designated shall be the President of the arbitral tribunal;

(e) if any of the three members have not been designated within 30 days from the receipt of the notification referred to in sub-paragraph 2(b), the remaining designation or designations shall be made, at request of any Party to the dispute, by the Secretary-General of the Permanent Court of Arbitration, applying the criteria of sub-paragraphs 2(c) and 2(d). If the Secretary-General is unable to act under this paragraph or is a national of a Party to this Agreement, the designation or designations shall be effected by the Deputy Secretary-General of the Permanent Court of Arbitration.

3. Unless otherwise agreed between the Parties to the dispute, and subject to paragraphs 4 through 7, the Permanent Court of Arbitration Optional Rules for Arbitrating Disputes between Two States, effective 20 October 1992, shall apply.

4. The arbitral tribunal shall take its decisions by majority vote.

5. A Party which is not a Party to the dispute, on delivery of a written notice to the disputing Parties, shall be entitled to make written submissions to the arbitral tribunal, to receive written submissions of the disputing Parties, attend all hearings and make oral submissions.

6. The arbitral award shall be rendered within six months of the date at which the President of the arbitral tribunal was appointed. This period can be extended by a maximum of three additional months, if the Parties to the dispute so agree.

7. The expenses of the arbitral tribunal, including the remuneration of its members, shall be borne by the Parties to the dispute in equal shares. Fees and expenses payable to members of the arbitral tribunal established under this Annex shall be subject to schedules established by the Joint Committee and in force at the time of the establishment of the arbitral tribunal.