FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND THE REPUBLIC OF TURKEY

PREAMBLE

Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the Swiss Confederation, on the one hand (EFTA States), and the Republic of Turkey, on the other hand (Turkey), hereinafter each individually referred to as a "Party" or collectively as the "Parties",

RECOGNISING the common wish to strengthen the links between the EFTA States and Turkey by establishing close and lasting relations;

REAFFIRMING their commitment to democracy, the rule of law, human rights and fundamental freedoms in accordance with international law, including the United Nations (UN) Charter and the Universal Declaration of Human Rights;

REAFFIRMING their commitment to pursue the objective of sustainable development and recognising the importance of coherence and mutual supportiveness of trade, environment and labour policies in this respect;

RECALLING their rights and obligations under multilateral environmental agreements to which they are party, and the respect for the fundamental principles and rights at work, including the principles set out in the relevant International Labour Organisation (ILO) Conventions to which they are party;

AIMING to raise living standards and ensure high levels of protection of health and safety and of the environment, promote economic growth and stability, create new employment opportunities and improve the general welfare and, to this end, reaffirming their commitment to promoting trade liberalisation;

DESIRING to create favourable conditions for the development and diversification of trade between the Parties and for the promotion of commercial and economic cooperation in areas of common interest on the basis of equality, mutual benefit, non- discrimination and international law;

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

DETERMINED to promote and further strengthen the multilateral trading system, building on their respective rights and obligations under the Marrakesh Agreement establishing the World Trade Organization (WTO Agreement) and the other agreements negotiated thereunder, thereby contributing to the harmonious development and expansion of world trade;

DETERMINED to implement this Agreement in line with the objectives to preserve and protect the environment through sound environmental management and to promote

an optimal use of the world's resources in accordance with the objective of sustainable development;

AFFIRMING their commitment to prevent and combat corruption in international trade and investment and to promote the principles of transparency and good public governance;

ACKNOWLEDGING the importance of good corporate governance and corporate social responsibility for sustainable development, and affirming their aim to encourage enterprises to observe internationally recognised guidelines and principles in this respect, such as the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the OECD Principles of Corporate Governance and the UN Global Compact;

CONVINCED that this Agreement will enhance the competitiveness of their firms in global markets and create conditions encouraging economic, trade and investment relations between the Parties;

HAVE AGREED, in pursuit of the above, to conclude the following Free Trade Agreement (Agreement):

Chapter 1. GENERAL PROVISIONS

Article 1.1. Objectives

1. The Parties hereby establish a free trade area in accordance with the provisions of this Agreement and the complementary agreements on agriculture, concluded between Turkey and each individual EFTA State, which is based on trade relations between market economies and on the respect for democratic principles and human rights, with a view to spurring prosperity and sustainable development.

2. The objectives of this Agreement are:

(a) to achieve the liberalisation of trade in goods, in conformity with Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT 1994);

(b) to facilitate trade in goods through, in particular, the application of the agreed provisions regarding customs and trade facilitation;

(c) to prevent, eliminate or reduce unnecessary technical barriers to trade and unnecessary sanitary and phytosanitary measures;

(d) to achieve the liberalisation of trade in services, in conformity with Article V of the General Agreement on Trade in Services (GATS);

(e) to ensure adequate and effective protection and enforcement of intellectual property rights;

(f) to explore liberalisation on a mutual basis of the government procurement markets of the Parties;

(g) to promote competition in their economies, particularly as it relates to the economic relations between the Parties;

(h) to develop international trade in such a way as to contribute to the objective of sustainable development and to ensure that this objective is integrated and reflected in the Parties' trade relationship;

(i) to increase and enhance the economic cooperation between the Parties; and

(j) to contribute to the harmonious development and expansion of world trade.

Article 1.2. Geographical Scope

1. This Agreement shall, except as otherwise specified in Annex I (Rules of Origin and Methods of Administrative Cooperation), apply to:

(a) the land territory, internal waters and the territorial sea of a Party, and the ait-space above the territory of a Party, in accordance with international law; and

(b) the exclusive economic zone and the continental shelf of a Party, in accordance with international law.

2. This Agreement shall not apply to the Norwegian territory of Svalbard, with the exception of trade in goods.

Article 1.3. Trade and Economic Relations Governed by this Agreement

1. This Agreement applies to the trade and economic relations between the individual EFTA States on one side and Turkey on the other, but not to the trade and economic relations between individual EFTA States, unless otherwise provided in this Agreement.

2. In accordance with the Customs Treaty of 29 March 1923 between Switzerland and Liechtenstein, Switzerland shall represent Liechtenstein in matters covered thereby.

Article 1.4. Relations to other International Agreements

1. The Parties confirm their rights and obligations under the WTO Agreement and the other agreements negotiated thereunder to which they are a party, and any other international agreement to which they are a party.

2. If a Party considers that the maintenance or establishment of a customs union, free trade area, arrangement for frontier

trade or another preferential agreement by another Party has the effect of altering the trade regime provided for by this Agreement, it may request consultations. The Party concluding such agreement shall afford adequate opportunity for consultations with the requesting Party.

Article 1.5. Fulfilment of Obligations

1. Each Party shall take any general or specific measures required to fulfil its obligations under this Agreement.

2. Each Party shall ensure the observance of all obligations and commitments under this Agreement by its respective central, regional and local governments and authorities, and by non-governmental bodies in the exercise of governmental powers delegated to them by central, regional and local governments or authorities.

Article 1.6. Transparency

1. The Parties shall publish, or otherwise make publicly available, their laws, regulations, judicial decisions, administrative rulings of general application, as well as their respective international agreements, that 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.

3. Nothing in this Agreement shall require any Party to disclose confidential information, the disclosure of which would impede law enforcement, be contrary to the public interest or prejudice the legitimate commercial interests of any economic operator.

4. In case of any inconsistency between paragraphs 1 and 2 of this Article and provisions relating to transparency in other parts of this Agreement, the latter shall prevail to the extent of the inconsistency.

Chapter 2. TRADE IN GOODS

Article 2.1. Scope

This Chapter applies to the following goods traded between the Parties:

(a) all products classified under Chapters 25 to 97 of the Harmonized Commodity Description and Coding System (HS), excluding the products listed in Annex II (Products not covered by the Agreement);

(b) processed agricultural products specified in Annex II (Processed Agricultural Products), with due regard to the arrangements provided for in Annex III; and

(c) fish, fisheries products and other marine products as provided for in Annex IV (Fish, Fisheries Products and Other Marine Products).

Article 2.2. Trade In Basic Agricultural Products

1. The Parties declare their readiness to foster, in so far as their agricultural policies allow, the harmonious development of trade in agricultural products.

2. Turkey and each EFTA State have concluded agreements on trade in agricultural products on a bilateral basis. These agreements form part of the instruments establishing the free trade area between the Parties.

Article 2.3. Rules of Origin and Methods of Administrative Cooperation

Provisions related to rules of origin are set out in Annex I (Rules of Origin and Methods of Administrative Cooperation).

Article 2.4. Import Duties

1. Upon entry into force of this Agreement, the Parties shall abolish all customs duties and charges having equivalent effect to customs duties on imports of products originating in a Party covered by subparagraph (a) of Article 2.1 (Scope). No new customs duties and charges having equivalent effect to customs duties on imports shall be introduced.

2. Customs duties and charges having equivalent effect to customs duties on imports include any duty or charge of any kind imposed in connection with the importation of a product, including any form of surtax or surcharge, but does not include any charge imposed in conformity with Articles III and VIM of the GATT 1994.

Article 2.5. Export Duties

1. The Parties shall, upon entry into force of this Agreement, eliminate all customs duties and other charges, including surcharges and other forms of contributions, in relation to the exportation of goods to a Party. 2. No new customs duties or other charges in relation to the exportation of goods to a Party shall be introduced.

Article 2.6. Customs Valuation (1)

For the purposes of determining the customs value of products traded between the Parties, Article VII of the GATT 1994 and Part I of the Agreement on Implementation of Article VII of the GATT 1994 shall apply and are hereby incorporated into and made part of this Agreement, mutatis mutandis.

(1) Switzerland applies customs duties based on weight and quantity rather than ad valorem duties.

Article 2.7. Quantitative Restrictions

With respect to the rights and obligations of the Parties concerning quantitative restrictions, Paragraph 1 of Article XI of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, mutatis mutandis.

Article 2.8. Fees and Formailities

With respect to the rights and obligations of the Parties concerning fees and formalities, Article VIII of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, mutatis mutandis.

Article 2.9. Internal Taxation and Regulations

With respect to the rights and obligations of the Parties concerning internal taxation and regulations, Article III of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, mutatis mutandis.

Article 2.10. Payments

Payments relating to trade between the Parties and the transfer of such payments to a Party, where the creditor resides, shall be free from any restrictions, except as otherwise provided for in Article 2.22 (Balance-of-Payments).

Article 2.11. Sanitary and Phytosanitary Measures

1. Except as otherwise provided for in this Agreement, the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) shall apply and is hereby incorporated into and made part of this Agreement, mutatis mutandis.

2. Import checks shall be carried out without undue delay.

3. The Parties shall exchange names and addresses of contact points with sanitary and phytosanitary expertise, in order to facilitate communication and the exchange of information.

4. Consultations shall be held at the request of a Party which considers that another Party has taken a measure which is likely to create, or has created, an obstacle to trade. Such consultations shall take place without undue delay after the receipt of the request, with the objective of finding mutually acceptable solutions. If consultations are not taking place in the Joint Committee, it should be informed thereof. In case of perishable goods, consultations between the competent authorities shall be held without undue delay. Such consultations may be conducted by any agreed method. (2)

(2) It is understood that consultations pursuant to this paragraph shall be without prejudice to the tights and obligations of the Parties under Chapter 9 (Dispute Settlement) or under the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes.

5. Upon request by a Party, the Parties shall jointly review this Article with a view to extending treatment granted to the European Union with whom all Parties have established arrangements concerning sanitary and phytosanitary regulations, to the Parties of this Agreement.

Article 2.12. Technical Regulations

1. Except as otherwise provided for in this Article, the WTO Agreement on Technical Barriers to Trade (TBT Agreement) shall apply and is hereby incorporated into and made part of this Agreement, mutatis mutandis.

2. The Parties shall exchange names and addresses of contact points with expertise on technical regulations in order to facilitate communication and the exchange of information.

3. Consultations shall be held at the request of a Party which considers that another Party has taken a measure which is likely to create, or has created, an obstacle to trade. Such consultations shall take place within 40 days from the receipt of the request with the objective of finding mutually acceptable solutions. If consultations are held outside the framework of the Joint Committee, it should be informed thereof. Such consultations may be conducted by any agreed method (3).

(3) It is understood that consultations pursuant to this paragraph shall be without prejudice to the rights and obligations of the Parties under Chapter 9 (Dispute Settlement) or under the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes.

4. The rights and obligations of the Parties related to the mutual recognition of conformity assessment of products are set out in Annex V (Mutual Recognition of Results of Conformity Assessment of Products).

Article 2.13. Trade Facilitation

Provisions related to trade facilitation are set out in Annex VI (Trade Facilitation).

Article 2.14. Mutual Administrative Assistance In Customs Matters

Provisions related to mutual administrative assistance in customs matters are set out in Annex VII (Mutual Administrative Assistance in Customs Matters).

Article 2.15. Sub-Committee on Customs Matters

A Sub-Committee on Customs Matters is hereby established and its mandate is set out in Annex VIII (Mandate of the Sub-Committee on Customs Matters).

Article 2.16. State Trading Enterprises

With respect to the rights and obligations of the Parties concerning state trading enterprises, Article XVII of the GATT 1994 and the Understanding on the Interpretation of Article XVII of the GATT 1994 shall apply and are hereby incorporated into and made part of this Agreement, mutatis mutandis.

Article 2.17. Subsidies and Countervailing Measures

1. The rights and obligations of the Parties relating to subsidies and countervailing measures shall be governed by Articles VI and XVI of the GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures, except as provided for in paragraph 2.

2. Before a Party initiates an investigation to determine the existence, degree and effect of any alleged subsidy in another Party, as provided for in Article 11 of the WTO Agreement on Subsidies and Countervailing Measures, the Party considering initiating an investigation shall notify in writing the Party whose goods are subject to such investigation, afford reasonable opportunity for consultations in accordance with Article 13 of the WTO Agreement on Subsidies and Countervailing Measures, and allow for a 45 days period with a view to finding a mutually acceptable solution. The consultations shall take place in the Joint Committee if a Party so requests. This 45 days period should not prevent the authorities of a Party from proceeding expeditiously with regard to initiating an investigation.

Article 2.18. Anti-dumping

1. The rights and obligations of the Parties relating to anti-dumping investigations and measures shall be governed by Article VI of the GATT 1994 and the Agreement on Implementation of Article VI of the GATT 1994 (WTO Anti-dumping Agreement), except as provided for in this Article.

2. The Parties shall endeavour to refrain from initiating anti-dumping procedures under Article VI of the GATT 1994 and the WTO Anti-dumping Agreement against each other.

3. When a Party receives a properly documented application and before initiating an investigation under the WTO Anti-dumping Agreement, the Party shall notify in writing the Party whose goods are allegedly being dumped.

4. If a Party decides to impose an anti-dumping duty, the Party is encouraged to apply the "lesser duty" rule by determining a duty which is less than the dumping margin, provided that such lesser duty would be adequate to remove the injury to the domestic industry.

5. The Parties shall exchange views about the application of this Article and its effects on trade between the Parties at the meetings of the Joint Committee.

Article 2.19. Global Safeguard Measures

1. The rights and obligations of the Parties with respect to global safeguards shall be governed by Article XIX of the GATT 1994 and the WTO Agreement on Safeguards. 2. Upon initiation of an investigation in accordance with paragraph 1 that may affect another Party, the investigating Party shall notify that Party and afford reasonable opportunity for consultations. The consultations shall take place in the Joint Committee, if a Party so requests.

Article 2.20. General Exceptions

With respect to the rights and obligations of the Parties concerning general exceptions, Article XX of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, mutatis mutandis.

Article 2.21. Security Exceptions

With respect to the rights and obligations of the Parties concerning security exceptions, Article XXI of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, mutatis mutandis.

Article 2.22. Balance-of-Payments

1. A Party in serious balance of payments difficulties, or under imminent threat thereof, may, in accordance with the conditions established under the GATT 1994, adopt trade restrictive measures, which shall be of limited duration and nondiscriminatory, and may not go beyond what is necessary to remedy the balance of payments situation.

2. The Party introducing a measure under this Article shall promptly notify the other Parties thereof.

Chapter 3. TRADE IN SERVICES

Article 3.1. Scope and Coverage

1. This Chapter applies to measures by Parties affecting trade in services taken by central, regional or local governments and authorities, and by non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities.

2. With respect to air transport services, this Chapter shall not apply to measures affecting air traffic rights or measures affecting services directly related to the exercise of air traffic rights, except as provided for in paragraph 3 of the Annex on Air Transport Services of the GATS. The definitions contained in paragraph 6 of the Annex on Air Transport Services of the GATS shall apply and are hereby incorporated into and made part of this Chapter.

3. Articles 3.3 (Most-Favoured-Nation Treatment), 3.4 (Market Access) and 3.5 (National Treatment) shall not apply to domestic laws, regulations or requirements governing the procurement by governmental agencies of services purchased for governmental purposes and not with a view to commercial resale or with a view to use in the supply of services for commercial sale.

Article 3.2. Definitions

For the purposes of this Chapter:

(a) “trade in services” is defined as the supply of a service:

(i) from the territory of one Party into the territory of another Party;

(ii) in the territory of one Party to the service consumer of another Party;

(iii) by a service supplier of one Party, through commercial presence in the territory of another Party;

(iv) by a service supplier of one Party, through presence of natural persons of a Party in the territory of another Party;

(b) “services” includes any service in any sector except services supplied in the exercise of governmental authority;

(c) “a service supplied in the exercise of governmental authority” means any service which is supplied neither on a commercial basis, nor in competition with one or more service suppliers;

(d) “measure” means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form;

(e) “supply of a service” includes the production, distribution, marketing, sale and delivery of a service;

(f) “measures by Parties affecting trade in services” includes measures in respect of:

(i) the purchase, payment or use of a service;

(ii) the access to and use of, in connection with the supply of a service, services which are required by those Parties to be offered to the public generally;

(iii) the presence, including commercial presence, of persons of a Party for the supply of a service in the territory of another Party;

(g) “commercial presence” means any type of business or professional establishment, including through:

(i) the constitution, acquisition or maintenance of a juridical person; or

(ii) the creation or maintenance of a branch or a representative office;

within the territory of a Party for the purpose of supplying a service;

(h) “sector” of a service means:

(i) with reference to a specific commitment, one or more, or all, subsectors of that service, as specified in a Party’s Schedule of Specific Commitments;

(ii) otherwise, the whole of that service sector, including all of its subsectors;

(i) “service of another Party” means a service which is supplied:

(i) from or in the territory of that other Party, or in the case of maritime transport, by a vessel registered under the laws of that other Party, or by a person of that other Party which supplies the service through the operation of a vessel and/or its use in whole or in part; or

(ii) in the case of the supply of a service through commercial presence or through the presence of natural persons, by a service supplier of that other Party;

(j) “service supplier” means any person that supplies, or seeks to supply, a service; (4)

(4) Where the service is not supplied or sought to be supplied directly by a juridical person but through other forms of commercial presence such as a branch or a representative office, the service supplier (i.e. the juridical person) shall, nonetheless, through such commercial presence be accorded the treatment provided for service suppliers under this Chapter. Such treatment shall be extended to the commercial presence through which the service is supplied or sought to be supplied and need not be extended to any other parts of the service supplier located outside the territory where the service is supplied or sought to be supplied.

(k) “monopoly supplier of a service” means any person, public or private, which in the relevant market of the territory of a

Party is authorised or established formally or in effect by that Party as the sole supplier of that service;

(l) “service consumer” means any person that receives or uses a service;

(m) “person” means either a natural person or a juridical person;

(n) “natural person of another Party” means a national of that other Party according to its legislation.

(o) “juridical person” means any legal entity duly constituted or otherwise organised under applicable law, whether for profit or otherwise, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association;

(p) “juridical person of another Party” means a juridical person which is either:

(i) constituted or otherwise organised under the law of that other Party, and is engaged in substantive business operations in the territory of a Party; or

(ii) in the case of the supply of a service through commercial presence, owned or controlled by:

(aa) natural persons of that other Party; or

(bb) juridical persons of that other Party identified under subparagraph (p)(i);

(q) a juridical person is:

(i) “owned” by persons of a Party if more than 50 per cent of the equity interest in it is beneficially owned by persons of that Party;

(ii) “controlled” by persons of a Party if such persons have the power to name a majority of its directors or otherwise to legally direct its actions;

(iii) “affiliated” with another person when it controls, or is controlled by, that other person; or when it and the other person are both controlled by the same person;

(r) “direct taxes” comprises all taxes on total income, on total capital or on elements of income or of capital, including taxes on gains from the alienation of property, taxes on estates, inheritances and gifts, and taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.

Article 3.3. Most-Favoured-Nation Treatment

1. Without prejudice to measures taken in accordance with Article VII of the GATS, and except as provided for in its List of MFN Exemptions contained in Annex IX (List of MFN Exemptions), each Party shall accord immediately and unconditionally, to services and service suppliers of another Party treatment no less favourable than the treatment it accords to like services and service suppliers of any non-patty.

2. Treatment granted under other existing or future agreements concluded by a Party and notified under Article V or Article V bis of the GATS shall not be subject to paragraph 1.

3. Notwithstanding paragraph 2, if a Party enters into an agreement of the type referred in the paragraph 2 it shall, upon request from another Party, afford adequate opportunity to that Party to negotiate the benefits granted therein.

4. The provisions of this Chapter shall not be so construed as to prevent a Party from conferring or according advantages to adjacent countries in order to facilitate exchanges limited to contiguous frontier zones of services that are both locally produced and consumed.

Article 3.4. Market Access

1. With respect to market access through the modes of supply identified in subparagraph (a) of Article 3.2 (Definitions), each Party shall accord services and service suppliers of another Party treatment no less favourable than that provided for under the terms, limitations and conditions agreed and specified in its Schedule of Specific Commitments. (5)

(5) If a Party undertakes a market-access commitment in relation to the supply of a service through the mode of supply referred to in subparagraph (a)(i) of Article 3.2 (Definitions) and if the cross- border movement of capital is an essential part of the service itself, that Party is thereby committed to allow such movement of capital. If a Party undertakes a market-access commitment in relation to the supply of a service

through the mode of supply referred to in subparagraph (a)(ii) of Article 3.2 (Definitions), it is thereby committed to allow related transfers of capital into its territory.

2. In sectors where market-access commitments are undertaken, the measures which a Party shall not maintain or adopt either on the basis of a regional subdivision or on the basis of its entire territory, unless otherwise specified in its Schedule of Specific Commitments, are defined as:

(a) limitations on the number of service suppliers whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirements of an economic needs test;

(b) limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;

(c) limitations on the total number of service operations or on the total quantity of service output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test; (6)

(6) This subparagraph does not cover measures of a Party which limit inputs for the supply of services.

(d) limitations on the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test;

(e) measures which restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service; and

(f) limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment.

Article 3.5. National Treatment

1. In the sectors inscribed in its Schedule of Specific Commitments, and subject to any conditions and qualifications set out therein, each Party shall accord to services and service suppliers of another Party, in respect of all measures affecting the supply of services, treatment no less favourable than that it accords to its own like services and service suppliers. (7)

(7) Specific commitments assumed under this Article shall not be construed to require any Party to compensate for any inherent competitive disadvantages which result from the foreign character of the relevant services or service suppliers.

2. A Party may meet the requirement of paragraph 1 by according to services and service suppliers of another Party, either formally identical treatment or formally different treatment to that it accords to its own like services and service suppliers.

3. Formally identical or formally different treatment shall be considered to be less favourable if it modifies the conditions of competition in favour of services or service suppliers of the Party compared to like services or service suppliers of another Party.

Article 3.6. Additional Commitments

Parties may negotiate commitments with respect to measures affecting trade in services not subject to scheduling under Articles 3.4 (Market Access) or 3.5 (National Treatment), including those regarding qualifications, standards or licensing matters. Such commitments shall be inscribed in a Party's Schedule of Specific Commitments.

Article 3.7. Domestic Regulation

1. Each Party shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner.

2. Each Party shall maintain or institute as soon as practicable judicial, arbitral or administrative tribunals or procedures which provide, at the request of an affected service supplier of another Party, for the prompt review of, and where justified, appropriate remedies for, administrative decisions affecting trade in services. Where such procedures are not independent of the agency entrusted with the administrative decision concerned, the Party shall ensure that the procedures in fact

provide for an objective and impartial review.

3. Where authorisation is required by a Party for the supply of a service, the competent authorities of that Party shall, within a reasonable period of time after the submission of an application is considered complete under that Partyâs domestic laws and regulations, inform the applicant of the decision concerning the application. At the request of the applicant, the competent authorities of that Party shall provide, without undue delay, information concerning the status of the application.

4. Each Party shall ensure that measures relating to qualification requirements and procedures, technical standards and licensing requirements and procedures, in all services sectors, are based on objective and transparent criteria, such as competence and the ability to supply the service.

5. With a view to ensuring that measures relating to qualification requirements and procedures, technical standards and licensing requirements and procedures do not constitute unnecessary barriers to trade in services, the Joint Committee shall take a decision aiming at incorporating into this Agreement any disciplines developed in the WTO in accordance with paragraph 4 of Article VI of the GATS. The Parties may also, jointly or bilaterally, decide to develop further disciplines.

6. (a) In sectors in which a Party has undertaken specific commitments, pending the entry into force of a decision incorporating WTO disciplines for these sectors pursuant to paragraph 5, and, if agreed between Parties, disciplines developed jointly or bilaterally under this Agreement pursuant to paragraph 5, the Party shall not apply qualification requirements and procedures, technical standards and licensing requirements and procedures that nullify or impair such specific commitments in a manner which is

(i) more burdensome than necessary to ensure the quality of the service; or

(ii) in the case of licensing procedures, not in itself a restriction on the supply of the service.

(b) In determining whether a Party is in conformity with the obligation under subparagraph (a), account shall be taken of international standards of relevant international organisations (8) applied by that Party.

(8) The term "relevant international organisations" refers to international bodies whose membership is open to the relevant bodies of at least all Parties.

7. Each Party shall provide for adequate procedures to verify the competence of professionals of another Party.

Article 3.8. Recognition

1. For the purposes of the fulfilment of its relevant standards or criteria for the authorisation, licensing or certification of service suppliers, each Party shall give due consideration to any requests by another Party to recognise the education or experience obtained, requirements met, or licences or certifications granted in the requesting Party. Such recognition may be based upon an agreement or arrangement with the requesting Party, or otherwise be accorded autonomously.

2. Where a Party recognises, by agreement or arrangement, the education or experience obtained, requirements met, or licences or certifications granted, in the territory of a non-party, that Party shall afford another Party adequate opportunity to negotiate its accession to such an agreement or arrangement, whether existing or future, or to negotiate a comparable agreement or arrangement with it. Where a Party accords recognition autonomously, it shall afford adequate opportunity for another Party to demonstrate that the education or experience obtained, requirements met, or licences or certifications granted, in the territory of that other Party should also be recognised.

3. Any such agreement or arrangement or autonomous recognition shall be in conformity with the relevant provisions of the WTO Agreement, in particular paragraph 3 of Article VII of the GATS.

Article 3.9. Movement of Natural Persons

1. This Article applies to measures affecting natural persons who are service suppliers of a Party, and natural persons of a Party who are employed by a service supplier of a Party, with respect to the supply of a service.

2. This Chapter shall not apply to measures affecting natural persons seeking access to the employment market of a Party, nor shall it apply to measures regarding nationality, residence or employment on a permanent basis.

3. Natural persons covered by a specific commitment shall be allowed to supply the service in accordance with the terms of that commitment.

4. This Chapter shall not prevent a Party from applying measures to regulate the entry of natural persons of another Party into, or their temporary stay in, its territory, including those measures necessary to protect the integrity of, and to ensure the orderly movement of natural persons across, its borders, provided that such measures are not applied in such a manner as to nullify or impair the benefits accruing to any Party under the terms of a specific commitment. (9)

(9) The sole fact of requiring a visa for natural persons shall not be regarded as nullifying or impairing benefits under a specific commitment.

Article 3.10. Transparency

1. Each Party shall publish promptly and, except in emergency situations, at the latest by the time of their entry into force, all relevant measures of general application which pertain to or affect the operation of this Chapter. International agreements pertaining to or affecting trade in services to which a Party is a signatory shall also be published.

2. Where publication as referred to in paragraph 1 is not practicable, such information shall be made otherwise publicly available.

3. Nothing in this Chapter shall require any Party to provide confidential information, the disclosure of which would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice legitimate commercial interests of particular enterprises, public or private.

Article 3.11. Monopolies and Exclusive Service Suppliers

1. Each Party shall ensure that any monopoly supplier of a service in its territory does not, in the supply of the monopoly service in the relevant market, act in a manner inconsistent with that Partyâs obligations under Article 3.3 (Most-Favoured-Nation Treatment) and its specific commitments.

2. Where a Party's monopoly supplier competes, either directly or through an affiliated company, in the supply of a service outside the scope of its monopoly rights and which is subject to that Partyâs specific commitments, the Party shall ensure that such a supplier does not abuse its monopoly position to act in its territory in a manner inconsistent with such commitments.

3. The provisions of this Article shall also apply to cases of exclusive service suppliers, where a Party, formally or in effect:

(a) authorises or establishes a small number of service suppliers; and

(b) substantially prevents competition among those suppliers in its territory.

Article 3.12. Business Practices

1. Parties recognise that certain business practices of service suppliers, other than those falling under Article 3.11 (Monopolies and Exclusive Service Suppliers), may restrain competition and thereby restrict trade in services.

2. Each Party shall, at the request of another Party, enter into consultations with a view to eliminating practices referred to in paragraph 1. The Party addressed shall accord full and sympathetic consideration to such a request and shall cooperate through the supply of publicly available non-confidential information of relevance to the matter in question. The Party addressed shall also provide other information available to the requesting Party, subject to its domestic laws and regulations, and to the conclusion of satisfactory agreement concerning the safeguarding of its confidentiality by the requesting Party.

Article 3.13. Payments and Transfers

1. Except under the circumstances envisaged in Article 3.14 (Restrictions to Safeguard the Balance of Payments), a Party shall not apply restrictions on international transfers and payments for current transactions with another Party.

2. Nothing in this Chapter shall affect the rights and obligations of the Parties under the Articles of Agreement of the International Monetary Fund (IMF), including the use of exchange actions which are in conformity with the Articles of Agreement of the IMF, provided that a Party shall not impose restrictions on capital transactions inconsistently with its specific commitments regarding such transactions, except under Article 3.14 (Restrictions to Safeguard the Balance of Payments) or at the request of the IMF.

Article 3.14. Restrictions to Safeguard the Balance of Payments

1. The Parties shall endeavour to avoid imposition of restrictions to safeguard the balance of payments.

2. Any restrictions to safeguard the balance of payments adopted or maintained by a Party under and in conformity with Article XII of the GATS shall apply under this Chapter.

3. A Party adopting or maintaining such restrictions shall promptly notify the Joint Committee.

Article 3.15. Subsidies

1. A Party which considers that it is adversely affected by a subsidy of another Party may request ad hoc consultations with that Party on such matters. The requested Party shall enter into such consultations. (10)

(10) It is understood that consultations held pursuant to paragraph 1 shall be without prejudice to the rights and obligations of the Parties under Chapter 9 (Dispute Settlement) or under the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes.

2. The Parties shall review any disciplines agreed under Article XV of the GATS with a view to incorporating them into this Chapter.

Article 3.16. General Exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on trade in services, nothing in this Chapter shall be construed to prevent the adoption or enforcement by a Party of measures:

(a) necessary to protect public morals or to maintain public order; (11)

(11) The public order exception may be invoked only where a genuine and sufficiently serious threat is posed to one of the fundamental interests of society.

(b) necessary to protect human, animal or plant life or health;

(c) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Chapter including those relating to:

(i) the prevention of deceptive and fraudulent practices or to deal with the effects of a default on services contracts;

(ii) the protection of the privacy of individuals in relation to the processing and dissemination of personal data and the protection of confidentiality of individual records and accounts;

(iii) safety;

(d) inconsistent with Article 3.5 (National Treatment), provided that the difference in treatment is aimed at ensuring the equitable or effective (12) imposition or collection of direct taxes in respect of services or service suppliers of other Parties;

(12) Measures that are aimed at ensuring the equitable or effective imposition or collection of direct taxes include measures taken by a Party under its taxation system which: (a) apply to non-resident service suppliers in recognition of the fact that the tax obligation of non-residents is determined with respect to taxable items sourced or located in the Party's territory; or (b) apply to non-residents in order to ensure the imposition or collection of taxes in the Party's territory; or (c) apply to non-residents or residents in order to prevent the avoidance or evasion of taxes, including compliance measures; or (d) apply to consumers of services supplied in or from the territory of another Party in order to ensure the imposition or collection of taxes on such consumers derived from sources in the Party's territory; or (e) distinguish service suppliers subject to tax on worldwide taxable items from other service suppliers, in recognition of the difference in the nature of the tax base between them; or (f) determine, allocate or apportion income, profit, gain, loss, deduction or credit of resident persons or branches, or between related persons or branches of the same person, in order to safeguard the Party's tax base. Tax terms or concepts in subparagraph (d) and in this footnote are determined according to tax definitions and concepts, or equivalent or similar definitions and concepts, under the domestic laws and regulations of the Party taking the measure.

(e) inconsistent with Article 3.3 (Most-Favoured-Nation Treatment), provided that the difference in treatment is the result of

an agreement on the avoidance of double taxation or provisions on the avoidance of double taxation in any other international agreement or arrangement by which the Party is bound.

Article 3.17. Security Exceptions

Nothing In this Chapter shall be construed:

(a) to require a Party to furnish any information, the disclosure of which it considers contrary to its essential security interests; or

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

(i) relating to the supply of services as carried out directly or indirectly for the purpose of provisioning a military establishment;

(ii) relating to fissionable and fusionable materials or the materials from which they are derived;

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

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

Article 3.18. Schedules of Specific Commitments

1. Each Party shall set out in a Schedule the Specific Commitments it undertakes under Articles 3.4 (Market Access), 3.5 (National Treatment) and 3.6 (Additional Commitments). With respect to sectors where such commitments are undertaken, each Schedule shall specify:

(a) terms, limitations and conditions on market access;

(b) conditions and qualifications on national treatment;

(c) undertakings relating to additional commitments referred to in Article 3.6 (Additional Commitments); and

(d) where appropriate, the time-frame for implementation of such commitments; and the date of entry into force of such commitments.

2. Measures inconsistent with both Articles 3.4 (Market Access) and 3.5 (National Treatment) shall be subject to paragraph 2 of Article XX of the GATS.

3. The Parties' Schedules of Specific Commitments are set out in Annex XII (Schedules of Specific Commitments).

Article 3.19. Modification of Schedules

The Parties shall, upon written request by a Party, hold consultations to consider any modification or withdrawal of a specific commitment in the requesting Party's Schedule of Specific Commitments. The consultations shall be held within three months from the request. In the consultations, the Parties shall aim to ensure that a general level of mutually advantageous commitments no less favourable to trade than that provided for in the Schedule of Specific Commitments prior to such consultations is maintained. Modifications of Schedules of Specific Commitments are subject to the procedures set out in Articles 8.1 Joint Committee) and 10.1 (Amendments).

Article 3.20. Review

With the objective of further liberalising trade in services between them, in particular eliminating substantially all remaining discrimination within a period of ten years, the Parties shall review at least every three years, or more frequently if so agreed, their Schedules of Specific Commitments and their Lists of MFN Exemptions, taking into account in particular any autonomous liberalisation and on-going work under the auspices of the WTO. The first such review shall take place no later than five years after the entry into force of this Agreement.

Article 3.21. Annexes

The following Annexes are an integral part of this Chapter:

(a) Annex IX (Lists of MFN Exemptions);

(b) Annex X (Recognition of Qualifications of Service Suppliers);

(c) Annex XI (Movement of Natural Persons);

(d) Annex XII (Schedules of Specific Commitments);

(e) Annex XIII (Electronic Commerce);

(f) Annex XIV (Telecommunications Services);

(g) Annex XV (Co-Productions).

(h) Annex XVI (Financial Services);

(i) Annex XVII (Health Services);

(j) Annex XVIII (Tourism and Travel Services); and

(k) Annex XIX (International Road Transport and Logistics Services).

Chapter 4. PROTECTION OF INTELLECTUAL PROPERTY

Article 4. Protection of Intellectual Property

1. The Parties shall grant and ensure adequate, effective and non-discriminatory protection of intellectual property rights, and provide for measures for the enforcement of such rights against infringement thereof, including counterfeiting and piracy, in accordance with the provisions of this Chapter, Annex XX (Protection of Intellectual Property), and the international agreements referred to in that Annex.

2. The Parties shall accord to each other's nationals treatment no less favourable than that they accord to their own nationals. Exemptions from this obligation must be in accordance with the substantive provisions of Article 3 and 5 of the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement).

3. The Parties shall grant to each other's nationals treatment no less favourable than that they accord to nationals of a non-party. Exemptions from this obligation must be in accordance with the substantive provision of the TRIPS Agreement, in particular Articles 4 and 5.

4. Upon request of a Party, the Joint Committee shall review the provisions of this Chapter and Annex XX (Protection of Intellectual Property) with a view to further improve levels of protection and to avoid or remedy trade distortions caused by actual levels of protection of intellectual property rights.

5. The Joint Committee shall keep the implementation of intellectual property rights under review. At the request of a Party, consultations shall take place in the Joint Committee on any matter concerning intellectual property rights.

Chapter 5. GOVERNMENT PROCUREMENT

Article 5. Government Procurement

1. The Parties shall enhance their mutual understanding of each other's government procurement laws, regulations and agreements with a view to progressively liberalising their respective procurement markets on the basis of non-discrimination and reciprocity.

2. Each Party shall publish its laws and make publicly available its regulations and administrative rulings of general application, as well as the international agreements to which it is a party that may affect its procurement markets. Each Party shall respond to specific questions and provide, upon request, information to another Party on such matters.

3. The Parties shall review this Article in the Joint Committee within three years after the entry into force of this Agreement, in light of further developments in international economic relations, inter alia in the framework of the WTO and free trade relations with non-parties, and examine the possibility of developing and deepening their cooperation under this Agreement. After the first review they shall conduct regular reviews at the meetings of the Joint Committee.

Chapter 6. COMPETITION

Article 6.1. Rules of Competition Concerning Undertakings

1. The following practices of undertakings are incompatible with the proper functioning of this Agreement in so far as they may affect trade between the Parties:

a) agreements and concerted practices between undertakings, decisions by associations of undertakings which have as their object or effect the prevention, restriction or distortion of competition;

b) abuse by one or more undertakings of a dominant position in the territory of a Party as a whole or in a substantial part thereof; or

c) concentrations between undertakings, which are considered anti- competitive, according to the competition laws and regulations applicable in the Parties.

2. Paragraph 1 shall also apply to the activities of public undertakings, and undertakings to which the Parties grant special or exclusive rights, in so far as the application of these provisions does not obstruct the performance, in law or in fact, of their particular public tasks.

3. Each Party undertakes to apply its respective competition laws with a view to removing anti-competitive practices as outlined in paragraph 1.

4. The provisions of paragraphs 1 and 2 shall not be construed so as to create any direct obligations for undertakings.

Article 6.2. Cooperation and Consultations

1. The Parties recognise the importance of cooperation and coordination between their competent authorities to further enhance effective competition law enforcement and to fulfil the objectives of this Agreement.

2. The Parties involved shall cooperate and consult in their dealings with anti- competitive practices, as outlined in Article 6.1 (Rules of Competition Concerning Undertakings), with the aim of putting an end to such practices or their adverse effects on trade.

3. Cooperation may include the exchange of pertinent information that is available to the Parties. No Party shall be required to disclose information that is confidential according to its domestic laws and regulations.

4. If a Party considers that a given practice continues to affect trade in the sense of paragraph 1 and 2 of Article 6.1 (Rules of Competition Concerning Undertakings), after cooperation or consultations in accordance with paragraph 2, it may request consultations in the Joint Committee. The Parties involved shall give to the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the Party in question fails to put an end to the practice objected to within the period fixed by the Joint Committee or after 60 days following referral of the case to the Joint Committee have elapsed, the Party objecting to the practice may adopt appropriate measures to deal with the difficulties resulting from the practice in question. Priority shall be given to such measures that will least disturb the functioning of this Agreement.

5. With the exception of the right for consultations in accordance with paragraphs 1 to 3, no Party may have recourse to dispute settlement under this Agreement for any matter arising under this Chapter.

Chapter 7. TRADE AND SUSTAINABLE DEVELOPMENT

Article 7.1. Context and Objectives

1. The Parties recall the Declaration of the United Nations Conference on the Human Environment of 1972, the Rio Declaration on Environment and Development of 1992, Agenda 21 on Environment and Development of 1992, the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up of 1998, the Johannesburg Plan of Implementation on Sustainable Development of 2002, the Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work of 2006, the ILO Declaration on Social Justice for a Fair Globalization of 2008, the Rio+20 Outcome Document "the Future We Want" of 2012 and the outcome document of the UN Summit on Sustainable Development "Transforming Our World: the 2030 Agenda for Sustainable Development" of 2015.

2. The Parties recognise that economic development, social development and environmental protection are interdependent and mutually supportive components of sustainable development. They underline the benefits of cooperation on trade

related labour and environmental issues as part of a global approach to trade and sustainable development.

3. The Parties reaffirm their commitment to promote the development of international trade in such a way as to contribute to the objective of sustainable development and to ensure that this objective is integrated and reflected in the trade relations between the Parties.

4. This Chapter shall not be used for protectionist trade purposes.

Article 7.2. Scope

Except as otherwise provided for in this Chapter, this Chapter applies to measures adopted or maintained by the Parties affecting trade-related aspects of labour (13) and environmental issues.

(13) When labour is referred to in this Chapter, it includes the issues relevant to the Decent Work Agenda as agreed on in the ILO.

Article 7.3. Right to Regulate and Levels of Protection

1. Recognising the right of each Party, subject to the provisions of this Agreement, to establish its own levels of environmental and labour protection, and to adopt or modify its domestic laws, regulations and policies accordingly, each Party shall endeavour to ensure that its domestic laws, regulations, policies and practices provide for, and encourage, high levels of environmental and labour protection, consistent with standards, principles and agreements referred to in Articles 7.5 (International Labour Standards and Agreements) and 7.6 (Multilateral Environmental Agreements and Environmental Principles), and shall strive to further improve the levels of protection provided for in those domestic laws, regulations and policies.

2. The Parties recognise the importance of taking account of scientific, technical and other information, and relevant international standards, guidelines and recommendations when preparing and implementing measures related to the environment and labour conditions that affect trade and investment between them.

Article 7.4. Upholding Levels of Protection In the Application and Enforcement of Laws, Regulations or Standards

1. A Party shall not fail to effectively enforce its environmental and labour laws, regulations or standards in a manner affecting trade or investment between the Parties.

2. Subject to Article 7.3 (Right to Regulate and Levels of Protection), a Party shall not:

(a) weaken or reduce the levels of environmental or labour protection provided by its domestic laws, regulations or standards with the sole intention to encourage investment from another Party or to seek or to enhance a competitive trade advantage of producers or service providers operating in its territory; or

(b) waive or otherwise derogate from, or offer to waive or otherwise derogate from its domestic laws, regulations or standards in order to encourage investment from another Party or to seek or to enhance a competitive trade advantage of producers or service providers operating in its territory.

Article 7.5. International Labour Standards and Agreements

1. The Parties recall the obligations deriving from membership of the ILO and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up adopted by the International Labour Conference at its 86 Session in 1998, to respect, promote and realise the principles concerning the fundamental rights, namely:

(a) the freedom of association and the effective recognition of the right to collective bargaining;

(b) the elimination of all forms of forced or compulsory labour; (c) the effective abolition of child labour; and

(d) the elimination of discrimination in respect of employment and occupation.

2. The Parties reaffirm their commitment, under the Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work of 2006, to recognising full and productive employment and decent work for all as a key element of sustainable development for all countries and as a priority objective of international cooperation and to promoting the development of international trade in a way that is conducive to full and productive employment and decent

work for all.

3. The Parties recall the obligations deriving from membership of the ILO to effectively implement the ILO Conventions which they have ratified and to make continued and sustained efforts towards ratifying the fundamental ILO Conventions, as well as the other conventions that are classified as "up-to-date" by the ILO.

4. The violation of fundamental principles and rights at work shall not be invoked or otherwise used as a legitimate comparative advantage.

Article 7.6. Multilateral Environmental Agreements and Environmental Principles

The Parties reaffirm their commitment to the effective implementation in their domestic laws, regulations and practices, of the multilateral environmental agreements to which they are a party, as well as their adherence to environmental principles teflected in the international instruments referred to in Article 7.1 (Context and Objectives).

Article 7.7. Promotion of Trade and Investment Favouring Sustainable Development

1. The Parties shall strive to facilitate and promote foreign investment, trade in and dissemination of goods and services beneficial to the environment, including sustainable construction materials, environmental technologies, sustainable renewable energy, energy efficient and eco-labelled goods and services, inter alia, through addressing related non-tariff barriers.

2. The Parties shall strive to facilitate and promote foreign investment, trade in and dissemination of goods and services that contribute to sustainable development, including goods and services that are the subject of schemes such as fair and ethical trade.

3. The Parties agree to exchange views and may consider cooperation, jointly or bilaterally, in this area.

4. The Parties shall encourage cooperation between enterprises in relation to goods, services and technologies that contribute to sustainable development and are beneficial to the environment.

Article 7.8. Cooperation In International Fora

The Parties shall strive to strengthen their cooperation on trade and investment related labour and environmental issues of mutual interest in relevant bilateral, regional and multilateral fora in which they participate.

Article 7.9. Implementation and Consultations

1. The Parties shall designate the administrative entities which shall serve as contact points for the purposes of implementing this Chapter.

2. A Party may, through the contact points referred to in paragraph 1, request expert consultations or consultations within the Joint Committee regarding any matter arising under this Chapter. The Parties shall make every attempt to arrive at a mutually satisfactory resolution of the matter. Where relevant, and subject to the agreement of the Parties, they may seek advice from the relevant international organisations or bodies.

3. If a Party considers that a measure of another Party does not comply with the obligations under this Chapter, it may have recourse to good offices, conciliation or mediation and consultations in accordance with Articles 9.2 (Good Offices, Conciliation or Mediation) and 9.3 (Consultations).

4. The Parties shall not have recourse to arbitration under Chapter 9 (Dispute Settlement) for any matter arising under this Chapter.

Article 7.10. Review

The Parties shall periodically review in the Joint Committee progress achieved in pursuing the objectives set out in this Chapter and consider relevant international developments to identify areas where further action could promote these objectives.

Chapter 8. INSTITUTIONAL PROVISIONS

Article 8.1. Joint Committee

1. The Parties hereby establish the EFTA-Turkey Joint Committee (Joint Committee) which shall consist of senior officials of the Parties.

2. The Joint Committee shall:

(a) supervise and review the implementation of this Agreement;

(b) keep under review the possibility of further removal of barriers to trade and other restrictive measures concerning trade between the Parties;

(c) oversee the further elaboration of this Agreement;

(d) consider and make recommendations to the Parties on amendments to this Agreement and take decisions on amendments to the Annexes and Appendices to this Agreement in accordance with Article 10.1 (Amendments);

(e) supervise the work of all sub-committees and working groups established under this Agreement;

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

(g) consider any other matter that may affect the functioning 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 otherwise 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 for in this Agreement. On other matters the Joint Committee may make recommendations.

5. The Joint Committee shall take decisions and make recommendations by consensus. Where this Agreement foresees that a provision only concerns certain Parties, the Joint Committee may adopt decisions and make recommendations regarding issues related only to one or several EFTA States and Turkey. The vote shall in such cases only be taken among the Parties concerned and the decisions or recommendations shall only apply to those Parties.

6. The Joint Committee shall meet within one year from the entry into force of this Agreement. Thereafter, it shall meet whenever necessary but normally every two years. Its meetings shall be chaired jointly by one of the EFTA States and Turkey. The rules of procedures of the Joint Committee are set out in Annex XXI (Rules of Procedure of the EFTA-Turkey Joint Committee).

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 from the receipt of the request, unless the Parties agree otherwise.

Article 8.2. Contact Points

The Parties hereby designate the following contact points:

(a) for Turkey: the Ministry of Economy or its successor; and

(b) for the EFTA States: the EFTA Secretariat.

Chapter 9. DISPUTE SETTLEMENT

Article 9.1. Scope and Coverage

1. Unless otherwise provided in this Agreement, this Chapter applies with respect to the settlement of any disputes concerning the interpretation or application of this Agreement.

2. Disputes regarding the same matter arising under both this Agreement and the WTO Agreement, may be settled in either forum at the discretion of the complaining Party. The forum thus selected shall be used to the exclusion of the other.

3. For the purposes of paragraph 2, the complaining Party shall be deemed to have selected the forum when it has requested the establishment of an arbitration panel in accordance with Article 6 of the WTO Understanding on Rules and

Procedures Governing the Settlement of Disputes or in accordance with paragraph 1 of Article 9.4 (Establishment of Arbitration Panel).

4. For the purposes of this Chapter, the terms "Party", "party to the dispute", "complaining Party" and "Party complained against" can denote one or more Parties.

Article 9.2. Good Offices, Conciliation or Mediation

1. Good offices, conciliation and mediation are procedures that are undertaken voluntarily if the parties to the dispute so agree. They may begin and be terminated at any time. They may continue while proceedings of an arbitration panel established in accordance with this Chapter are in progress. 2. Proceedings involving good offices, conciliation and mediation shall be confidential and without prejudice to the rights of the parties to the dispute in any other proceedings.

Article 9.3. 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 cooperation and consultations to promptly reach a mutually satisfactory solution of any matter raised in accordance with this Article.

2. A Party may request in writing consultations with another Party if it considers that a measure is inconsistent with this Agreement. The Party requesting consultations shall at the same time notify the other Parties in writing of the request. The Party to which the request is made shall reply to the request within ten days from the receipt of the request. Consultations shall take place in the Joint Committee, unless the Parties making and receiving the request for consultations agree otherwise.

3. Consultations shall commence within 30 days from the receipt of the request for consultations. Consultations on urgent matters, including those on perishable goods, shall commence within 15 days from the receipt of the request for consultations. If the Party to which the request is made does not reply within ten days or does not enter into consultations within 30 days from the receipt of the request for consultations, or within 15 days for urgent matters, the Party making the request is entitled to request the establishment of an arbitration panel in accordance with Article 9.4 (Establishment of Arbitration Panel).

4. The parties to the dispute shall provide sufficient information to enable a full examination of whether the measure is inconsistent with this Agreement or not and treat any confidential information exchanged in the course of consultations in the same manner as the Party providing the information.

5. The consultations shall be confidential and without prejudice to the rights of the parties to the dispute in any other proceedings.

6. The parties to the dispute shall inform the other Parties of any mutually agreed resolution of the matter.

Article 9.4. Establishment of Arbitration Panel

1, If the consultations referred to in Article 9.3 (Consultations) fail to settle a dispute within 60 days, or 30 days in relation to urgent matters, including those on perishable goods, from the receipt of the request for consultations by the Party complained against, the complaining Party may request the establishment of an arbitration panel by means of a written request to the Party complained against. A copy of this request shall be communicated to the other Parties so that they may determine whether to participate in the arbitration process.

2. The request for the establishment of an arbitration panel shall identify the specific measure at issue and provide a brief summary of the legal and factual basis of the complaint.

3. An arbitration panel shall be composed of three members. In the written request pursuant to paragraphs 1 and 2, the complaining Party shall appoint one member of the arbitration panel. Within 30 days of the receipt of the request, the Party complained against shall appoint another member of the arbitration panel. The two members shall agree on the appointment of the third member within 30 days of the appointment of the second member. The parties to the dispute shall, within seven days of the appointment of the third member, approve or disapprove the appointment of that member, who shall, if approved, act as the chairperson of the arbitration panel. The date of establishment of the arbitration panel shall be the date on which the chairperson is approved.

4. If any of the members of the arbitration panel has not been appointed within the deadlines referred to in paragraph 3, a party to the dispute may request the Secretary- General of the Permanent Court of Arbitration (PCA) to appoint any missing

members of the arbitration panel within 30 days, in accordance with the Arbitration Rules 2012 of the PCA (Arbitrational Rules), mutatis mutandis.

5. Any member of the arbitration panel may be challenged if circumstances give rise to justifiable doubts as to the member's objectivity, reliability, sound judgment or independence. If a party to the dispute does not agree with the challenge or the challenged member of the arbitration panel does not withdraw, the party making the challenge may request the Secretary-General of the PCA to decide whether the challenged arbitrator shall be replaced. In such case, a new arbitrator shall be appointed pursuant to the procedure provided for in the Arbitrational Rules.

6. In the event that the Secretary-General of the PCA is a national of a party to the dispute, a party to the dispute may request the Deputy Secretary-General of the PCA or the officer next in seniority, who is not a national of a party to the dispute, to make the necessary appointments.

7. Any person appointed as a member of the arbitration panel shall have expertise or experience in law, international trade, other matters covered by this Agreement or the resolution of disputes arising under international trade agreements. Additionally, the chairperson shall not be a national of either Party or have his or her usual place of residence in the territory of, nor be employed by, a Party nor have dealt with the dispute at issue in any capacity.

8. Unless the parties to the dispute otherwise agree within 20 days from the receipt of the request for the establishment of the arbitration panel, the terms of reference for the arbitration panel shall be:

"To examine, in the light of the relevant provisions of this Agreement, the matter referred to in the request for the establishment of an arbitration panel pursuant to Article 9.4 (Establishment of Arbitration Panel) and to make findings of law and fact together with the reasons, as well as recommendations, if any, for the resolution of the dispute and the implementation of the ruling."

9. Where more than one Party requests the establishment of an arbitration panel relating to the same matter or where the request involves more than one Party complained against, and whenever feasible, a single arbitration panel shall be established to examine complaints relating to the same matter.

10. A Party which is not a party to the dispute shall be entitled, on delivery of a written notice to the parties to the dispute, to make written submissions to the arbitration panel, receive written submissions, including annexes, from the parties to the dispute, attend hearings and make oral statements.

Article 9.5. Procedures of the Arbitration Panel

1. Unless otherwise specified in this Agreement or agreed between the parties to the dispute, the procedures of the panel shall be governed by the Arbitrational Rules, mutatis mutandis.

2. The arbitration panel shall examine the matter referred to it in the request for the establishment of an arbitration panel in the light of the relevant provisions of this Agreement interpreted in accordance with the rules of interpretation of public international law.

3. The language of any proceedings shall be English. Unless the Parties otherwise agree, the hearings shall be held in the capital city of the EFTA State complained against where the complaining Party is the Republic of Turkey, or in Ankara, where the complaining Party is an EFTA State. If there are more than one EFTA State complained against, the hearings shall be held in Geneva. The hearings of the arbitration panels shall be closed to the public. The Parties may decide to open the hearings partially or completely to the public.

4. There shall be no ex parte communications with the arbitration panel concerning matters under its consideration.

5. All documents or information submitted by a Party to the arbitration panel, shall, at the same time, be transmitted by that Party to the other party to the dispute.

6. The arbitration panel and the Parties shall treat as confidential the information submitted to the arbitration panel which has been designated as confidential by the Party submitting the information.

7. The arbitration panel shall make its decisions, including panel reports, by consensus or by majority vote when consensus cannot be reached. Any member may furnish separate opinions on matters not unanimously agreed. The arbitration panel shall not disclose which members are associated with majority or minority opinions.

Article 9.6. Suspension or Termination of Arbitration Panel Proceedings

1. Where the parties to the dispute agree, an arbitration panel may suspend its work at any time for a period not exceeding 12 months. If the work of an arbitration panel has been suspended for more than 12 months, the arbitration panel's authority for considering the dispute shall lapse, unless the parties to the dispute agree otherwise.

2. A complaining Party may withdraw its complaint at any time before the initial report has been issued. Such withdrawal is without prejudice to its right to introduce a new complaint regarding the same issue at a later point in time.

3. The parties to the dispute may agree at any time to terminate the proceedings of an arbitration panel established under this Agreement by jointly notifying in writing the Chairperson of that arbitration panel.

4. An arbitration panel may, at any stage of the proceedings prior to the release of the final report, propose that the parties to the dispute seek to settle the dispute amicably.

Article 9.7. Panel Reports

1. The arbitration panel should submit an initial report containing its findings and rulings to the parties to the dispute no later than 90 days from the date of establishment of the arbitration panel. Within 30 days from the receipt of the initial report, a party to the dispute may submit written comments to the arbitration panel. After considering the written comments received from the parties to the dispute on the initial report, the arbitration panel may modify its initial report and make any further examination it considers appropriate. The arbitration panel should present to the parties to the dispute its final report within 180 days from date of establishment of the arbitration panel.

2. The initial and final reports shall contain:

(a) a summary of the submissions and arguments of the parties to the dispute;

(b) the findings of fact, together with reasons;

(c) a determination as to whether a measure at issue is inconsistent with the provisions of this Agreement, or any other determination requested in the terms of reference set out in paragraph 8 of Article 9.4 (Establishment of Arbitration Panel); and

(d) recommendations, if any, for the resolution of the dispute and the implementation of the ruling.

3. The final report shall include an assessment of the written comments received from the parties to the dispute on the initial report.

4. The final report, as well as any report under Articles 9.8 (Implementation of the Final Panel Report) and 9.9 (Compensation and Suspension of Benefits), shall be communicated to the Parties. The reports shall be made public, unless the parties to the dispute decide otherwise.

5. Any ruling of the arbitration panel under any provision of this Chapter shall be final and binding upon the parties to the dispute. Nothing in the final report may add to or diminish the rights and obligations of the Parties under this Agreement.

Article 9.8. Implementation of the Final Panel Report

1. The Party complained against shall promptly comply with the ruling in the final report. If it is impracticable to comply immediately, the parties to the dispute shall endeavour to agree on a reasonable period of time to do so. In the absence of such agreement within 45 days from the issuance of the final report, a party to the dispute may request the original arbitration panel to determine the length of the reasonable period of time, in light of the particular circumstances of the case. The ruling of the arbitration panel should be given within 60 days from the receipt of that request.

2. The Party complained against shall notify the other party to the dispute of the measure adopted in order to comply with the ruling in the final report, as well as provide a detailed description of how the measure ensures compliance sufficient to allow the other party to the dispute to assess the measure.

3. In case of disagreement as to the existence of a measure complying with the ruling in the final report or to the consistency of that measure with the ruling, such disagreement shall be decided by the same arbitration panel upon the request of a party to the dispute before compensation can be sought or suspension of benefits can be applied in accordance with Article 9.9 (Compensation and Suspension of Benefits). The ruling of the arbitration panel should be rendered within 90 days from the receipt of that tequest.

Article 9.9. Compensation and Suspension of Benefits

1. If the Party complained against does not comply with a ruling of the arbitration panel referred to in Article 9.8 (Implementation of the Final Panel Report), or notifies the complaining Party that it does not intend to comply with the ruling in the final panel report, that Party shall, if so requested by the complaining Party, enter into consultations with a view to agreeing on mutually acceptable compensation. If no such agreement has been reached within 20 days from the receipt of the request, the complaining Party shall be entitled to suspend the application of benefits granted under this Agreement but only equivalent to those affected by the measure that the arbitration panel has found to be inconsistent with this Agreement.

2. In considering what benefits to suspend, the complaining Party should first seek to suspend benefits in the same sector or sectors as that affected by the measure that the arbitration panel has found to be inconsistent with this Agreement. The complaining Party that considers it is not practicable or effective to suspend benefits in the same sector or sectors may suspend benefits in other sectors. The complaining Party will take into consideration those concessions or other obligations the suspension of which would least disturb the functioning of this Agreement.

3. The complaining Party shall notify the Party complained against of the benefits which it intends to suspend, the grounds for such suspension and when suspension will commence, no later than 30 days before the date on which the suspension is due to take effect. Within 15 days from the receipt of that notification, the Party complained against may request the original arbitration panel to rule on whether the benefits which the complaining Party intends to suspend are equivalent to those affected by the measure found to be inconsistent with this Agreement, and whether the proposed suspension is in accordance with paragraphs 1 and 2. The ruling of the arbitration panel should be given within 45 days from the receipt of that request. Benefits shall not be suspended until the arbitration panel has issued its ruling.

4. Compensation and suspension of benefits shall be temporary measures and shall only be applied by the complaining Party until the measure found to be inconsistent with this Agreement has been withdrawn or amended so as to bring it into conformity with this Agreement, or until the parties to the dispute have resolved the dispute otherwise.

5. At the request of a party to the dispute, the original arbitration panel shall rule on the conformity with the final report of any implementing measures adopted after the suspension of benefits and, in light of such ruling, whether the suspension of benefits should be terminated or modified. The ruling of the arbitration panel should be given within 30 days from the receipt of that request.

Article 9.10. Other Provisions

1. Whenever possible, the arbitration panel referred to in Articles 9.8 (Implementation of the Final Panel Report) and 9.9 (Compensation and Suspension of Benefits) shall comprise the same arbitrators who issued the final report. If a member of the original arbitration panel is unavailable, the appointment of a replacement arbitrator shall be conducted in accordance with the selection procedure for the original arbitrator.

2. A written submission, request, notice or other document shall be considered received when it has been delivered to the addressee through diplomatic channels, unless otherwise agreed by the parties to the dispute. An electronic copy should be submitted simultaneously to the respective e-mail addresses designated and notified by the parties to the dispute.

3. Any time period mentioned in this Chapter may be modified by mutual agreement of the parties to the dispute or, upon request of a Party, may be extended by the arbitration panel.

4. When an arbitration panel considers that it cannot comply with a timeframe imposed on it under this Chapter, it shall inform the parties to the dispute in writing and provide an estimate of the additional time required. Any additional time required should not exceed 30 days.

5. The costs of arbitration shall be borne by the parties to the dispute in equal shares. Each party to the dispute shall bear its own legal and other costs incurred in relation to the arbitration.

Chapter 10. FINAL PROVISIONS

Article 10.1. Amendments

1. This Agreement may be amended by mutual Consent of the Parties.

2. Amendments to this Agreement, as recommended by the Joint Committee, shall be submitted to the Parties for ratification, acceptance or approval in accordance with their respective legal requirements. The text of the amendments and the instruments of ratification, acceptance or approval shall be deposited with the Depositary.

3. Amendments to this Agreement shall enter into force on the first day of the third month following the date on which at least one EFTA State and Turkey have deposited their instrument of ratification, acceptance or approval with the Depositary, in relation to Turkey and that EFTA State. In relation to another EFTA State depositing its instrument of ratification, acceptance or approval after the date on which at least one EFTA State and Turkey have deposited their instrument of ratification, acceptance or approval with the Depositary, the amendment shall enter into force on the first day of the third month following the deposit of its instrument.

4. Notwithstanding paragraphs 2 and 3, the Joint Committee may decide to amend the Annexes and Appendices to this Agreement and set forth the date on which such decision shall enter into force. If a representative of a Party in the Joint Committee has accepted a decision subject to the fulfilment of its legal requirements, the decision shall enter into force on the date that the last Party notifies that its internal requirements have been fulfilled, unless the decision itself specifies a later date. The Joint Committee may decide that the decision shall enter into force for those Parties that have fulfilled their internal requirements, provided that at least one EFTA State and Turkey are among those Parties. The text of the decision shall be deposited with the Depositary.

5. In accordance with paragraph 5 of Article 8.1 (Joint Committee), amendments regarding issues related only to one or several EFTA States and Turkey shall be agreed upon by the Parties concerned only. 6. If its respective legal requirements permit, any Party may apply any amendments provisionally, pending its entry into force for that Party. Provisional application of amendments shall be notified to the Depositary.

Article 10.2. Annexes and Appendices

Annexes and Appendices to this Agreement constitute an integral part of this Agreement.

Article 10.3. Accession

1. Any State becoming a Member of EFTA may accede to this Agreement, provided that the Joint Committee approves its accession, on terms and conditions as agreed upon by the Parties. The instrument of accession shall be deposited with the Depositary.

2. In relation to an acceding State, this Agreement shall enter into force on the first day of the third month following the deposit of its instrument of accession, or the approval of the terms of accession by the existing Parties, whichever is later.

Article 10.4. Withdrawal and Expiration

1. Each Party may withdraw from this Agreement by means of a written notification to the Depositary. The withdrawal shall take effect six months after the date on which the notification is received by the Depositary.

2. If Turkey withdraws, this Agreement shall expire when its withdrawal becomes effective.

3. An EFTA State which withdraws from the Convention establishing the European Free Trade Association shall, ipso facto on the same day as the withdrawal takes effect, cease to be a Party to this Agreement.

Article 10.5. Entry Into Force

1. This Agreement is subject to ratification, acceptance or approval in accordance with the respective legal requirements of the Parties. 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 date on which at least one EFTA State and Turkey have deposited their instrument of ratification, acceptance or approval with the Depositary, in relation to Turkey and that EFTA State.

3. In relation to another EFTA State depositing its instrument of ratification, acceptance or approval after the date on which at least one EFTA State and Turkey have deposited their instrument of ratification, acceptance or approval with the Depositary, this Agreement shall enter into force on the first day of the third month following the deposit of its instrument.

4. Upon its entry into force between an EFTA State and Turkey, this Agreement shall replace the Agreement between the EFTA States and Turkey signed on 10 December 1991, its integral parts and Joint Committee Decisions in relation to those Parties.

5. A Party may apply this Agreement provisionally subject to its domestic legal requirements. Provisional application of this

Agreement shall be notified to the Depositary.

Article 10.6. Depositary

The Government of Norway shall act as Depositary.

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

Done at SaudarkrÃ©kur, this 25th day of June 2018, in one original in English, which shall be deposited with the Depositary, who shall transmit certified copies to all the Parties.

For Iceland

For the Republic of Turkey

For the Principality of Liechtenstein

For the Kingdom of Norway

For the Swiss Confederation