FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND GEORGIA

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

Georgia,

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 Georgia by establishing close and lasting relations;

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, nondiscrimination and international law;

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 (hereinafter referred to as the "WTO Agreement") and the other agreements negotiated thereunder, thereby contributing to the harmonious development and expansion of world trade;

REAFFIRMING their commitment to democracy, the rule of law, human rights and fundamental freedoms in accordance with their obligations under international law, including as set out in the United Nations Charter and the Universal Declaration of Human Rights;

AIMING to create new employment opportunities, improve living standards along with high levels of protection of health and safety and of the environment;

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;

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;

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

RECOGNISING the importance of ensuring predictability for the trading communities of the Parties;

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 Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the OECD Principles of Corporate Governance and the United Nations (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 (hereinafter referred to as this "Agreement"):

Chapter 1. General Provisions

Article 1.1. Objectives

1. The EFTA States and Georgia hereby establish a free trade area in accordance with the provisions of this Agreement, 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 liberalise trade in goods, in conformity with Article XXIV of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the "GATT 1994");

(b) to liberalise trade in services, in conformity with Article V of the General Agreement on Trade in Services (hereinafter referred to as the "GATS");

(c) to mutually enhance investment opportunities;

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

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

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

(g) to ensure adequate and effective protection of intellectual property rights, in accordance with international standards;

(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 relations; and

(i) 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, apply to:

(a) the land territory, internal waters and the territorial sea of a Party, and the air-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, on the one side, the individual EFTA States and, on the other side, Georgia, but not to the trade and economic relations between individual EFTA States, unless otherwise provided for in this Agreement.

2. As a result of the customs union established by the Customs Treaty of 29 March 1923 between Switzerland and Liechtenstein, Switzerland shall represent Liechtenstein in matters covered thereby.

Article 1.4. Relation 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 party, and any other international agreement to which they are 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 information which is confidential under its domestic legislation or the disclosure of which would impede law enforcement or otherwise be contrary to the public interest or which would prejudice the legitimate commercial interests of any economic operator.

4. In case of any inconsistency between 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 Non-agricultural Products

Article 2.1. Scope

This Chapter applies to trade between the Parties relating to products covered by Annex I.

Article 2.2. Rules of Origin and Methods of Administrative Cooperation

The rules of origin and methods of administrative cooperation are set out in Annex II.

Article 2.3. 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 Article 2.1. No new customs duties and charges having equivalent effect to customs duties shall be introduced.

2. Import duties and charges having equivalent effect to import duties include any duty or charge of any kind imposed in connection with the importation of products, including any form of surtax or surcharge, but does not include any charge imposed in conformity with Articles III and VIII of the GATT 1994.

Article 2.4. Export Duties

1. The Parties shall, upon entry into force of this Agreement, eliminate all customs duties and other charges, including any form of surcharges and other forms of contributions, in connection with the exportation of products to another Party.

2. No new export duties or charges in connection with the exportation of products shall be introduced by the Parties.

Article 2.5. Customs Valuation (1)

Article VII of the GATT 1994 and Part I of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 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 2.6. 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 2.7. Fees and Formalities

Article VIII of the GATT 1994 shall apply, and is hereby incorporated into and made part of this Agreement, mutatis mutandis, subject to Article 9 of Annex III.

Article 2.8. 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 2.9. Technical Barriers to Trade

1. Except as otherwise provided for in this Article, with respect to technical regulations, standards and conformity assessments, the WTO Agreement on Technical Barriers to Trade (hereinafter referred to as the "TBT Agreement") shall apply and is hereby incorporated and made part of this Agreement, mutatis mutandis.

2. Each Party shall designate a contact point, in order to facilitate communication and the exchange of information in the field of technical barriers to trade.

3. Without prejudice to paragraph 1, the Parties agree to hold technical consultations where a Party considers that another Party has taken or is considering a measure not in conformity with the TBT Agreement in order to find an appropriate solution in conformity with the TBT Agreement. Such consultations shall take place within 40 days from the receipt of the request. The consultations shall take place in the Joint Committee if a Party so requests. If consultations are held outside the framework of the Joint Committee, the latter should be informed thereof. Such consultations may be conducted by any agreed method

4. The Parties shall inform each other in advance of potential significant changes in treatment accorded to the EU. Provided that equivalent treatment with regard to technical regulations, standards and conformity assessments has been mutually agreed between the EU and each Party, the Parties shall without undue delay agree on an arrangement extending such treatment to each other. (2)

5. The Parties shall inform each other in advance of potential significant changes in treatment affecting the other Parties in areas other than those addressed in paragraph 4. A Party shall, upon request by another Party and subject to paragraph 1 of Article 6 of the TBT Agreement, promptly consider granting products from the requesting Party compliant with EU legislation similar treatment to that accorded to products from the EU.

(2) The Parties reaffirm their rights and obligations under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, the Agreement on the European Economic Area of 1992 and the EU acts referred to in Annex II to that Agreement, and the EU-Switzerland Mutual Recognition Agreement of 1999, including amendments to these three Agreements, before and after the entry into force of this Agreement.

Article 2.10. Trade Facilitation

With the aim to facilitate trade between the EFTA States and Georgia, the Parties shall, in accordance with Annex III:

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

(b) promote multilateral cooperation between the Parties in order to enhance their participation in the development and implementation of international conventions and recommendations on trade facilitation; and

(c) cooperate on trade facilitation within the Joint committee.

Article 2.11. Sub-committee on Trade In Goods

1. A Sub-Committee on Trade in Goods (hereinafter referred to as "Subcommittee") is hereby established.

2. The mandate of the Sub-Committee is set out in Annex IV.

Article 2.12. State Trading Enterprises

Article XVII of the GATT 1994 and the Understanding on the Interpretation of Article XVII of the General Agreement on Tariffs and Trade 1994 shall apply and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.13. 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 products are subject to an investigation and allow for a 45 day period for consultations with a view to finding a mutually acceptable solution. The consultations shall take place in the Joint Committee if a Party so requests within 20 days from the receipt of the notification.

Article 2.14. Anti-dumping

1. The Parties shall endeavour to refrain from initiating anti-dumping procedures under Article VI of the GATT 1994 and the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the "Anti-dumping Agreement") against each other.

2. When a Party receives a properly documented application and before initiating an investigation under the Anti-dumping Agreement, the Party shall notify in writing the other Party whose products are allegedly being dumped and allow for a 60 day period for consultations with a view to finding a mutually acceptable solution. The consultations shall take place in the Joint Committee if a Party so requests within 20 days from the receipt of the notification.

3. If an anti-dumping measure is applied by a Party, the measure shall be terminated no later than five years from its imposition.

4. A Party shall not initiate an anti-dumping investigation with regard to the same product from the same Party within one year from a determination which resulted in the non-application or revocation of anti-dumping measures or from the termination of a measure pursuant to paragraph 3.

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

6. Five years after the entry into force of this Agreement, the Joint Committee shall review whether there is a need to maintain the possibility to take anti-dumping measures between them. If the Parties decide after the first review to maintain this possibility, biennial reviews shall thereafter be conducted by the Joint Committee.

Article 2.15. Global Safeguard Measures

Each Party retains its rights and obligations under Article XIX of the GATT 1994 and the WTO Agreement on Safeguards. In taking measures under these WTO provisions, a Party shall, consistent with WTO law and jurisprudence and in accordance with its domestic legislation, exclude imports of an originating product from one or several Parties if such imports do not in and of themselves cause or threaten to cause serious injury.

Article 2.16. Transitional Safeguard Measures

1. Where, as a result of the reduction or elimination of a customs duty under this Agreement, any product originating in 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 territory of the importing Party, the importing Party may take transitional safeguard measures to the minimum extent necessary to remedy or prevent the injury, subject to paragraphs 2 to 9.

2. Transitional safeguard measures shall only be taken upon clear evidence that increased imports have caused or are threatening to cause serious injury pursuant to an investigation in accordance with the procedures laid down in the WTO

Agreement on Safeguards.

3. If the conditions set out in paragraph 1 are met, the importing Party may take measures consisting in increasing 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 transitional safeguard measure 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.

4. Transitional safeguard measures shall be taken for a period not exceeding one year. In very exceptional circumstances, the importing Party may extend the measures up to a total maximum period of three years. The exporting Parties that are affected by the extended transitional safeguard measure shall be offered compensation in the form of substantially equivalent trade liberalisation. No transitional safeguard measures shall be applied to the import of a product, which has previously been subject to such a measure.

5. The Party intending to take or extend a transitional safeguard measure under this Article shall immediately, and in any case before taking or extending a measure, notify the other Parties. 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 concerned, and the proposed measure, as well as the proposed date of introduction, expected duration and timetable for the progressive removal of the measure. In case of extension of the measure pursuant to paragraph 4, the notification shall also specify the intended compensation.

6. The Joint Committee shall, within 30 days from the receipt of the notification, examine the information provided under paragraph 5 in order to facilitate a mutually acceptable solution. In the absence of such solution, the importing Party may adopt or extend a transitional safeguard measure pursuant to paragraph 3 to remedy the problem. In the absence of mutually agreed compensation pursuant to paragraph 4, the Party against whose product the transitional safeguard measure is taken may take compensatory action. The transitional safeguard measure and the compensatory action shall be immediately notified to the other Parties. In the selection of the transitional safeguard measure and the compensatory action, priority must be given to the action or measure which least disturbs the functioning of this Agreement. 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 during the extension of the transitional safeguard measure.

7. In critical circumstances, where delay would cause damage which would be difficult to repair, a Party may take a provisional transitional safeguard measure pursuant to a preliminary determination that there is clear evidence that increased imports constitute a substantial cause of serious injury, or threat thereof, to the domestic industry. The Party intending to take such a measure shall immediately notify the other Parties thereof. Within 30 days from the receipt of the notification, the procedures set out in this Article shall be initiated.

8. Any provisional transitional safeguard measure shall be terminated within 200 days at the latest. The period of application of any such provisional transitional safeguard measure shall be counted as part of the duration, and any extension thereof, of the transitional safeguard measure, set out in paragraphs 3 and 4 respectively. Any tariff increases shall be promptly refunded if the investigation described in paragraph 2 does not result in a finding that the conditions of paragraph 1 are met.

9. A transitional safeguard measure may be applied no later than five years from the entry into force of this Agreement.

Article 2.17. General Exceptions

Article XX of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.18. Security Exceptions

Article XXI of the GATT 1994 shall apply and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.19. 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 and the WTO Understanding on the Balance of Payments Provisions of the General Agreement on Tariffs and Trade 1994, adopt trade restrictive measures, which shall be of limited duration and non-discriminatory, 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 Joint Committee.

Chapter 3. Trade In Agricultural Products

Article 3.1. Scope

This Chapter applies to trade between the Parties relating to products other than those covered by Annex I, hereinafter referred to as "agricultural products".

Article 3.2. Tariff Concessions

1. Georgia shall grant tariff concessions to agricultural products originating in an EFTA State as specified in Annexes V to VII.

2. Each EFTA State shall grant tariff concessions to agricultural products originating in Georgia as specified in Annexes V to VII.

Article 3.3. Other Provisions

With respect to trade in agricultural products, the following provisions of Chapter 2 shall apply, mutatis mutandis: Articles 2.2 on Rules of Origin and Methods of Administrative Cooperation, 2.4 on Export Duties, 2.5 on Customs Valuation, 2.6 on Quantitative Restrictions, 2.7 on Fees and Formalities, 2.8 on Internal Taxation and Regulations, 2.9 on Technical Barriers to Trade, 2.10 on Trade Facilitation, 2.12 on State Trading Enterprises, 2.14 on Anti-dumping, 2.15 on Global Safeguard Measures, 2.16 on Transitional Safeguard Measures, 2.17 on General Exceptions, 2.18 on Security Exceptions and 2.19 on Balance-of-Payments.

Article 3.4. Dialogue

The Parties shall examine any difficulties that might arise in their trade in agricultural products and shall endeavour to seek appropriate solutions through dialogue and consultations.

Article 3.5. Further Liberalisation

The Parties undertake to continue their efforts with a view to achieving further liberalisation of their trade in agricultural products, taking account of the arrangements for processed agricultural products, the pattern of trade in agricultural products between the Parties, the particular sensitivities of such products, the development of each Party's agricultural policy and developments in bilateral and multilateral fora. With a view to achieving this objective, the Parties may consult in the Joint Committee meetings.

Chapter 4. Sanitary and Phytosanitary Measures

Article 4.1. Objectives

The objectives of this Chapter are to:

(a) further the implementation of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (hereinafter referred to as the "SPS Agreement");

(b) strengthen cooperation between the Parties in the field of sanitary and phytosanitary measures to facilitate trade and access to their respective markets;

(c) facilitate information exchange between the Parties and enhance mutual understanding of each Party's regulatory system; and

(d) effectively solve trade concerns affecting trade between the Parties within the scope of this Chapter.

Article 4.2. Scope

This Chapter applies to sanitary and phytosanitary measures which may, directly or indirectly, affect trade between the Parties.

Article 4.3. Affirmation of the Sps Agreement

Except as otherwise provided for in this Chapter, the SPS Agreement shall apply and is hereby incorporated into and made part of this Agreement, mutatis mutandis.

Article 4.4. International Standards

For the purposes of this Chapter, "international standards" means the standards, guidelines and recommendations of the Codex Alimentarius Commission (CAC), the World Organisation for Animal Health (OIE) and the relevant international and regional

Organisations operating within the framework of the International Plant Protection Convention (IPPC).

Article 4.5. Inspections, Certification System and System Audits

1. An importing Party shall base assessments of the inspection and certification system of the exporting Party on international standards. (3)

2. The Parties agree to use system audits as the preferred assessment method. The need to perform on-site inspections shall be justified.

3. Corrective actions, timeframes and follow-up procedures shall, if applicable, be clearly documented in an assessment report.

4. The costs incurred in carrying out the audit shall be borne by the importing Party.

5. The importing Party shall provide the relevant information in writing to the exporting Party within 60 days from the audit. The exporting Party shall comment on such information within 45 days. Comments made by the exporting Party shall be included in the assessment report

(3) In particular standards and guidelines developed by the Codex Alimentarius Committee on Food Import and Export Inspection and Certification Systems (CAC/GL 26-1997).

Article 4.6. Certificates

The Parties agree to cooperate in order to minimise the number of model SPS certificates as far as possible. Where official certificates are required, these should be in line with the principles laid down in international standards. When a Party introduces or modifies a certificate, it shall notify the proposed new or revised certificate to the other Parties in English as early as possible. The Party shall provide the factual basis and justification of the new or modified certificate. The exporting Party shall be given sufficient time to adapt to the new requirements.

Article 4.7. Cooperation

1. The Parties shall strengthen their cooperation with a view to increasing the mutual understanding of each other's systems and facilitating access to their respective markets. Such cooperation shall include, but not be limited to, collaboration between scientific institutions that provide the Parties with scientific advice and risk analysis.

2. The Parties shall ensure that all applicable SPS regulations are published and available on the internet. Upon request, a Party shall provide supplementary information regarding import requirements in English.

3. The Parties shall notify any substantial change in structure, organisation and division of responsibilities of their competent authorities and contact points to the other Parties.

4. When a Party introduces new SPS measures, its competent authority shall, upon request, and as far as practicable in English, provide the appropriate risk assessment justifying the measure.

Article 4.8. Import Checks

1. The import requirements and checks applied to imported products covered by this Chapter shall be based on the risk that is associated with such products and shall be applied in a non-discriminatory manner. Import checks and border controls shall be carried out as expeditiously as possible in a manner that is no more trade-restrictive than necessary.

2. Upon request, information about the frequency of import checks or changes in this frequency shall be exchanged between the competent authorities of the Parties.

3. Each Party shall allow a person responsible for a consignment, subject to sampling and analysis, to apply for a second expert opinion as part of the official sampling.

4. Import control should be structured according to international standards. (4)

5. Products subject to random and routine checks should not be detained at the border while awaiting the results of the tests.

6. If products are detained at the border due to a perceived risk, the decision on clearance shall be taken as soon as possible. Every effort shall be made to avoid deterioration of perishable goods. For the purposes of this Chapter, "perishable goods" means products that rapidly decay due to their natural characteristics, in particular in the absence of appropriate storage conditions.

7. If products are rejected at a port of entry due to a verified serious sanitary or phytosanitary issue, the competent authority of the exporting Party shall be informed as soon as possible. For the purposes of this provision, "serious sanitary or phytosanitary issue" means cases for which a notification between competent authorities is foreseen in international standards. (5)

8. If products are rejected at a port of entry, the factual basis and scientific justification shall, upon request, be provided in writing to the exporting Party, as soon as possible.

9. Where a Party detains, at a port of entry, products exported from another Party due to a perceived failure to comply with a sanitary or phytosanitary measure, the factual justification for the detention shall be promptly notified to the importer or his representative.

10. Each Party shall ensure that appropriate legal procedures exist for an importer or any other person responsible for the consignment, or his representative, whose products are rejected at a port of entry, to appeal that decision.

(4) In particular the Codex Alimentarius Commission guidelines for food import control systems (CAC/GL 47-2003) and guidelines for the design, operation, assessment and accreditation of food import and export inspection and certification systems (CAC/GL 26-1997).

(5) In particular in the guidelines for the exchange of information between countries on rejections of imported food, by Codex Alimentarius Commission (CAC), the OIE, and the IPPC.

Article 4.9. Consultations

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 30 days from the receipt of the request with the objective of finding a mutually acceptable solution. The consultations shall take place in the Joint Committee if a Party so requests. 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 of the Parties shall be held without undue delay. The consultations may be conducted by any agreed method.

Article 4.10. Review

The Parties shall, upon request by a Party, and without undue delay, agree on an arrangement extending to each other treatment related to sanitary and phytosanitary regulations granted by each Party to the European Union.

Article 4.11. Contact Points

For the purposes of this Chapter, the Parties shall exchange names and addresses of contact points in order to facilitate communication and the exchange of information.

Chapter 5. Trade In Services

Article 5.1. Scope and Coverage

1. This Chapter applies to measures by Parties affecting trade in services and taken by central, regional or local governments and authorities as well as by nongovernmental bodies in the exercise of powers delegated by central, regional or local governments or authorities. It applies to all services sectors.

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 GATS Annex on Air Transport Services. The definitions of paragraph 6 of the GATS Annex on Air Transport Services are hereby incorporated and made part of this Chapter.

3. Articles 5.4, 5.5 and 5.6 shall not apply to 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 5.2. Incorporation of Provisions from the Gats

Where a provision of this Chapter provides that a provision of the GATS is incorporated into and made part of this Chapter, the meaning of the terms used in the GATS provision shall be understood as follows:

(a) "Member" means Party;

(b) "Schedule" means a Schedule referred to in Article 5.18 and contained in Annex VIII; and

(c) "specific commitment" means a specific commitment in a Schedule referred to in Article 5.18.

Article 5.3. Definitions

For the purposes of this Chapter:

(a) the following definitions of Article I of the GATS are hereby incorporated into and made part of this Chapter:

(i) "trade in services";

(ii) "services"; and

(iii) "a service supplied in the exercise of governmental authority".

(b) "service supplier" means any person that supplies, or seeks to supply, a service; (6)

(c) "natural person of another Party" means a natural person who, under the legislation of that other Party, is:

(i) a national of that other Party who resides in the territory of any WTO Member; or

(ii) a permanent resident of that other Party who resides in the territory of a Party, if that other Party accords substantially the same treatment to its permanent residents as to its nationals in respect of measures affecting trade in services. For the purpose of the supply of a service through presence of natural persons (Mode 4), this definition covers a permanent resident of that other Party who resides in the territory of a Party or in the territory of any WTO Member;

(d) "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:

(aa) A Party; or

(bb) Any Member of the WTO and is owned or controlled by natural persons of that other Party or by juridical persons that meet all the conditions of subparagraph (i)(aa); 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 (d)(i)

(e) the following definitions of Article XXVIII of the GATS are hereby incorporated into and made part of this Chapter:

(i) "measure";

(ii) "supply of a service";

(iii) "measures by Members affecting trade in services";

(iv) "commercial presence";

(v) "sector" of a service;

(vi) "service of another Member";

(vii) "monopoly supplier of a service";

(viii) "service consumer";

(ix) "person";

(x) "juridical person";

(xi) "owned", "controlled" and "affiliated"; and

(xii) "direct taxes".

(6) 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.

Article 5.4. 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, each Party shall accord immediately and unconditionally, in respect of all measures affecting the supply of services, 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-party.

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. If a Party enters into an agreement notified under Article V or Article V bis of the GATS, it shall, upon request from another Party, afford adequate opportunity to that Party to negotiate the benefits granted therein.

4. Paragraph 3 of Article II of the GATS shall apply to the rights and obligations of the Parties with respect to advantages accorded to adjacent countries and is hereby incorporated into and made part of this Chapter.

Article 5.5. Market Access

Article XVI of the GATS shall apply and is hereby incorporated into and made part of this Chapter.

Article 5.6. National Treatment

Article XVII of the GATS shall apply and is hereby incorporated into and made part of this Chapter.

Article 5.7. Additional Commitments

Article XVIII of the GATS shall apply and is hereby incorporated into and made part of this Chapter.

Article 5.8. 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 Party's 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, 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 applied by that Party. For the purposes of this Chapter, "relevant international organisations" means international bodies whose membership is open to the relevant bodies of all Parties.

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

Article 5.9. Recognition

1. For the purpose 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 that other Party.

Such recognition may be based upon an agreement or arrangement with that other 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 5.10. 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, in respect of 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. (7)

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

Article 5.11. Transparency

Paragraphs 1 and 2 of Article III and Article III bis of the GATS are hereby incorporated into and made part of this Chapter.

Article 5.12. Monopolies and Exclusive Service Suppliers

Paragraphs 1, 2 and 5 of Article VIII of the GATS shall apply and are hereby incorporated into and made part of this Chapter.

Article 5.13. Business Practices

Article IX of the GATS shall apply and is hereby incorporated into and made part of this Chapter.

Article 5.14. Payments and Transfers

1. Except under the circumstances envisaged in Article 5.15, 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 Agreement of the International Monetary Fund (hereinafter referred to as the "IMF"), including the use of exchange actions which are in conformity with that Agreement, provided that a Party shall not impose restrictions on capital transactions inconsistent with its specific commitments regarding such transactions, except under Article 5.15 or at the request of the IMF.

Article 5.15. Restrictions to Safeguard the Balance of Payments

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

2. Paragraphs 1 to 3 of Article XII of the GATS shall apply and are hereby incorporated into and made part of this Chapter.

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

Article 5.16. 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. (8)

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

(8) It is understood that consultations held pursuant to paragraph 1 shall be without prejudice to the rights and obligations of the Parties under Chapter 12 or under the WTO Dispute Settlement Understanding.

Article 5.17. Exceptions

Article XIV and paragraph 1 of Article XIV bis of the GATS shall apply and are hereby incorporated into and made part of this Chapter.

Article 5.18. Schedules of Specific Commitments

1. Each Party shall set out in a Schedule the specific commitments it undertakes under Articles 5.5, 5.6 and 5.7. 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 5.7; and

(d) where appropriate, the timeframe for implementation of such commitments and the date of entry into force of such commitments.

2. Measures inconsistent with both Articles 5.5 and 5.6 shall be subject to paragraph 2 of Article XX of the GATS.

3. The Parties' Schedules of Specific Commitments are set out in Annex VIII.

Article 5.19. 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 receipt of 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 are subject to Articles 11 and 13.2.

Article 5.20. Review

With a view to the progressive liberalisation of trade in services, the Parties aim to periodically review their Schedules of Specific Commitments and Lists of MFN Exemptions. The first such review shall take place no later than three years from the entry into force of this Agreement.

Article 5.21. Annexes

The following Annexes form an integral part of this Chapter:

(a) Annex VIII (Schedules of Specific Commitments);

(b) Annex IX (Lists of MFN-Exemptions);

(c) Annex X (Financial Services);

(d) Annex XI (Telecommunications Services);

(e) Annex XII (Maritime Transport and Related Services); and

(f) Annex XIII (Energy Related Services).

Chapter 6. Establishment

Article 6.1. Scope and Coverage

1. This Chapter applies to commercial presence in all sectors, with the exception of services sectors as set out in Article 5.1. (9)

2. This Chapter shall be without prejudice to the interpretation or application of other international agreements relating to investment or taxation to which one or several EFTA States and Georgia are parties.

(9) It is understood that services specifically exempted from the scope of Chapter 5 do not fall under the scope of this Chapter.

Article 6.2. Definitions

For the purposes of this Chapter:

(a) "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, partnership, joint venture, sole proprietorship or association;

(b) "juridical person of a Party" means a juridical person constituted or otherwise organised under the law of a Party and engaged in substantive business operations in that Party;

(c) "natural person" means a person who has the nationality, or is a permanent resident, of a Party in accordance with its applicable law;

(d) "commercial presence" means any type of business 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 another Party for the purpose of performing an economic activity.

Article 6.3. National Treatment

Each Party shall, subject to Article 6.4 and the reservations set out in Annex XIV, accord to juridical and natural persons of another Party, and to the commercial presence of such persons, treatment no less favourable than that it accords, in like situations, to its own juridical and natural persons, and to the commercial presence of such persons.

Article 6.4. Reservations

1. Article 6.3 shall not apply to:

(a) any reservation that is listed by a Party in Annex XIV;

(b) an amendment to a reservation referred to in subparagraph (a), to the extent that the amendment does not decrease the conformity of the reservation with Article 6.3;

(c) any new reservation adopted by a Party and incorporated into Annex XIV, which does not affect the overall level of commitments of that Party under this Agreement;

To the extent that such reservations are inconsistent with Article 6.3.

2. As part of the review provided for in Article 6.12, the Parties undertake to review at least every three years the status of the reservations set out in Annex XIV with a view to reducing or removing such reservations.

3. A Party may, at any time, either upon request of another Party or unilaterally, remove in whole or in part its reservations set out in Annex XIV by written notification to the other Parties.

4. A Party may, at any time, incorporate a new reservation into Annex XIV in accordance with subparagraph 1(c), by written notification to the other Parties. On receiving such written notification, another Party may request consultations regarding the reservation. On receiving the request for consultations, the Party incorporating the new reservation shall enter into consultations with the requesting Party.

Article 6.5. Key Personnel

1. Each Party shall, subject to its laws and regulations, grant natural persons of another Party, and key personnel who are employed by natural or juridical persons of another Party, temporary entry and stay in its territory in order to engage in activities connected with commercial presence, including the provision of advice or key technical services.

2. Each Party shall, subject to its laws and regulations, permit natural or juridical persons of another Party, and their commercial presence, to employ, in connection with commercial presence, any key personnel of the natural or juridical person's choice regardless of nationality and citizenship provided that such key personnel has been permitted to enter, stay and work in its territory and that the employment concerned conforms to the terms, conditions and time limits of the permission granted to such key personnel.

3. The Parties shall, subject to their laws and regulations, grant temporary entry and stay and provide any necessary confirming documentation to the spouse and minor children of a natural person who has been granted temporary entry,

stay and authorisation to work in accordance with paragraphs 1 and 2. The spouse and minor children shall be admitted for the period of the stay of that person.

Article 6.6. Right to Regulate

1. Subject to the provisions of this Chapter, a Party may, on a non-discriminatory basis, adopt, maintain or enforce any measure that is in the public interest, including measures to meet health, safety or environmental concerns or reasonable measures for prudential purposes.

2. A Party shall not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such measures as an encouragement for the establishment, acquisition, expansion or retention in its territory of a commercial presence of persons of another Party or a non-party.

Article 6.7. Transparency

Laws, regulations, judicial decisions and administrative rulings of general application made effective by a Party, and agreements in force between Parties, which affect matters covered by this Chapter shall be published promptly, or otherwise made publicly available, in such a manner as to enable the Parties and their juridical and natural persons to become acquainted with them. Nothing in this Article shall require any Party to disclose information which is confidential under its domestic legislation or which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of any juridical or natural person.

Article 6.8. Payments and Transfers

1. Except under the circumstances envisaged in Article 6.9, a Party shall not apply restrictions on current payments and capital movements relating to commercial presence activities in non-services sectors.

2. Nothing in this Chapter shall affect the rights and obligations of the Parties under the Agreement of the IMF, including the use of exchange actions which are in conformity with that Agreement, provided that a Party shall not impose restrictions on capital transactions inconsistent with its obligations under this Chapter.

Article 6.9. Restrictions to Safeguard the Balance of Payments

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

2. Paragraphs 1 to 3 of Article XII of the GATS shall apply and are hereby incorporated into and made part of this Chapter, mutatis mutandis.

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

Article XIV of the GATS shall apply and is hereby incorporated into and made part of this Chapter, mutatis mutandis"

Article 6.11. Security Exceptions

Paragraph 1 of Article XIVbis of the GATS shall apply and is hereby incorporated into and made part of this Chapter, mutatis mutandis.

Article 6.12. Review

This Chapter shall be subject to periodic review within the framework of the Joint Committee regarding the possibility to further develop the Parties' commitments.

Chapter 7. Protection of Intellectual Property

Article 7. 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 and Annex XV, and the international agreements referred to therein.

2. The Parties shall accord 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 Articles 3 and 5 of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as the "TRIPS Agreement").

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

4. The Parties agree, upon request of a Party to the Joint Committee, to review the provisions on the protection of intellectual property rights contained in this Chapter and in Annex XV, with a view to further improving the levels of protection and to avoiding or remedying trade distortions caused by actual levels of protection of intellectual property rights.

Chapter 8. Government Procurement

Article 8.1. Scope and Coverage

1. This Chapter applies to any measure of a Party regarding covered procurement. For the purposes of this Chapter, "covered procurement" means procurement for governmental purposes:

(a) of goods, services, or any combination thereof:

(i) as specified in each Party's Appendices to Annex XVI; and

(ii) not procured with a view to commercial sale or resale, or for use in the production or supply of goods or services for commercial sale or resale;

(b) by any contractual means, including purchase, lease, rental or hire purchase, with or without an option to buy;

(c) for which the value, as estimated in accordance with the rules specified in Appendix 9 of Annex XVI, equals or exceeds the relevant threshold specified in Appendices 1 to 3 to Annex XVI at the time of publication of a notice in accordance with Article 8.10;

(d) by a procuring entity; and

(e) that is not otherwise excluded pursuant to paragraph 2 or Annex XVI.

2. This Chapter does not apply to:

(a) acquisition or rental of land, existing buildings, or other immovable property or the rights thereon;

(b) non-contractual agreements or any form of assistance that a Party provides, including cooperative agreements, grants, loans, equity infusions, guarantees and fiscal incentives;

(c) procurement or acquisition of fiscal agency or depository services, liquidation and management services for regulated financial institutions or services related to sale, redemption and distribution of public debt, including loans and government bonds, notes and other securities;

(d) public employment contracts;

(e) procurement conducted:

(i) for the specific purpose of providing international assistance, including development aid;

(ii) under a particular procedure or condition of an international agreement relating to the stationing of troops or relating to the joint implementation by the signatory countries of a project; or

(iii) under a particular procedure or condition of an international organisation, or funded by international grants, loans or other assistance where the applicable procedure or condition would be inconsistent with this Chapter.

Article 8.2. Definitions

For the purposes of this Chapter:

(a) "commercial goods or services" means goods or services of a type generally sold or offered for sale in the commercial

marketplace to, and customarily purchased by, non-governmental buyers for non-governmental purposes;

(b) "construction service" means a service that has as its objective the realisation by whatever means of civil or building works, based on Division 51 of the United Nations Provisional Central Product Classification (CPC) and corresponding CPV Divisions, Groups, Classes and Categories;

(c) "days" means calendar days;

(d) "electronic auction" means an iterative process that involves the use of electronic means for the presentation by suppliers of either new prices, or new values for quantifiable non-price elements of the tender related to the evaluation criteria, or both, resulting in a ranking or re-ranking of tenders;

(e) "in writing or written" means any worded or numbered expression that can be read, reproduced, and later communicated, including electronically transmitted and stored information;

(f) "limited tendering" means a procurement method whereby the procuring entity contacts a supplier or suppliers of its choice;

(g) "measure" means any law, regulation, procedure, administrative guidance or practice, or any action of a procuring entity relating to a covered procurement;

(h) "multi-use list" means a list of suppliers that a procuring entity has determined satisfy the conditions for participation in that list, and that the procuring entity intends to use more than once;

(i) "notice of intended procurement" means a notice published by a procuring entity inviting interested suppliers to submit a request for participation, a tender, or both;

(j) "notice of planned procurement" means a notice published by a procuring entity regarding its future procurement plans;

(k) "offset" means any condition or undertaking that encourages local development or improves a Party's balance-of-payments accounts, such as the use of domestic content, the licensing of technology, investment, counter-trade, and similar actions or requirements;

(l) "open tendering" means a procurement method where all interested suppliers may submit a tender;

(m) "person" means a natural person or a juridical person;

(n) "procuring entity" means an entity covered under Appendices 1 to 3 to Annex XVI;

(o) "qualified supplier" means a supplier that a procuring entity recognises as having satisfied the conditions for participation;

(p) "selective tendering" means a procurement method whereby only qualified suppliers are invited by the procuring entity to submit a tender;

(q) "services" includes construction services, unless otherwise specified;

(r) "standard" means a document approved by a recognised body, that provides for common and repeated use, rules, guidelines, or characteristics for goods or services, or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking, or labelling requirements as they apply to a good, service, process, or production method;

(s) "supplier" means a person or group of persons that provides or could provide goods or services;

(t) "technical specification" means a tendering requirement that:

(i) lays down the characteristics of goods or services to be procured, including quality, performance, safety and dimensions, or the processes and methods for their production or provision; or

(ii) addresses terminology, symbols, packaging, marking, or labelling requirements, as they apply to a good or service.

Article 8.3. Security and General Exceptions

1. Nothing in this Chapter shall be construed to prevent a Party from taking any action or not disclosing any information that it considers necessary for the protection of its essential security interests relating to the procurement of arms, ammunition or war materials, or to procurement indispensable for national security or for national defence purposes.

2. Subject to the requirement that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between the Parties where the same conditions prevail or a disguised restriction on trade between the Parties, nothing in this Chapter shall be construed to prevent a Party from imposing or enforcing measures:

(a) necessary to protect public morals, order or safety;

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

(c) necessary to protect intellectual property; or

(d) relating to goods or services of persons with disabilities, philanthropic institutions, or prison labour.

Article 8.4. National Treatment and Non-discrimination

1. With respect to any measure regarding covered procurement, each Party, including its procuring entities, shall accord immediately and unconditionally to the goods and services of another Party and to the suppliers of another Party offering such goods or services, treatment no less favourable than the treatment accorded to domestic goods, services and suppliers.

2. With respect to any measure regarding covered procurement, a Party, including its procuring entities, shall not:

(a) treat a locally established supplier less favourably than another locally established supplier on the basis of degree of foreign affiliation or ownership; or

(b) discriminate against a locally established supplier on the basis that the goods or services offered by that supplier for a particular procurement are goods or services of another Party.

Article 8.5. Use of Electronic Means

1. The Parties shall, to the extent possible, endeavour to use electronic means of communication to permit efficient dissemination of information on government procurement, particularly as regards tender opportunities offered by entities, while respecting the principles of transparency and non-discrimination.

2. When conducting covered procurement by electronic means, a procuring entity shall:

(a) ensure that the procurement is conducted using information technology systems and software, including those related to authentication and encryption of information, that are generally available and interoperable with other generally available information technology systems and software; and

(b) maintain mechanisms that ensure the integrity of requests for participation and tenders, including establishment of the time of receipt and the prevention of inappropriate access.

Article 8.6. Conduct of Procurement

A procuring entity shall conduct covered procurement in a transparent and impartial manner that:

(a) is consistent with this Chapter, using methods such as open tendering, selective tendering, and limited tendering;

(b) avoids conflicts of interest; and

(c) prevents corrupt practices.

Article 8.7. Rules of Origin

For the purposes of covered procurement, no Party may apply rules of origin to goods or services imported from or supplied by another Party that are different from the rules of origin the Party applies at the same time in the normal course of trade.

Article 8.8. Offsets

With regard to covered procurement, a Party, including its procuring entities, shall not seek, take account of, impose or enforce any offset.

Article 8.9. Information on the Procurement System

1. Each Party shall promptly publish any measure of general application regarding covered procurement and any modification to this information, in an officially designated electronic or paper medium that is widely disseminated and remains readily accessible to the public.

2. Each Party shall, on request, provide to another Party an explanation relating to such information.

Article 8.10. Notices

1. For each covered procurement, a procuring entity shall publish a notice of intended procurement, except in the circumstances referred to in Article 8.18. The notice shall be published in the electronic or paper medium listed in Appendix 7 to Annex XVI. Such medium shall be widely disseminated and the notice shall remain accessible, at least, until expiration of the time period indicated in the notice. The notice shall:

(a) for procuring entities covered under Appendix 1 to Annex XVI, be accessible by electronic means free of charge through a single point of access; and

(b) for procuring entities covered under Appendix 2 or 3 to Annex XVI, where accessibly by electronic means, be provided, at least through links in a gateway electronic site that is accessible free of charge.

2. Parties, including such procuring entities covered under Appendix 2 or 3 to Annex XVI, are encouraged to publish their notices by electronic means free of charge through a single point of access.

3. Except as otherwise provided in this Chapter, each notice of intended procurement shall include the information specified in Appendix 10 to Annex XVI.

4. Each Party shall encourage its procuring entities to publish in the appropriate paper or electronic medium listed in Appendix 7 to Annex XVI, as early as possible in each fiscal year, a notice regarding their future procurement plans. The notice of planned procurement should include the subject-matter of the procurement and the estimated date of the publication of the notice of intended procurement.

5. A procuring entity covered under Appendix 2 or 3 to Annex XVI may use a notice of planned procurement as a notice of intended procurement, provided that the notice of planned procurement includes as much of the information referred to in paragraph 3 as is available to the entity and a statement that interested suppliers should express their interest in the procurement to the procuring entity.

Article 8.11. Conditions for Participation

1. In establishing the conditions for participation and assessing whether a supplier satisfies such conditions, a Party, including its procuring entities:

(a) shall limit any conditions for participation in a procurement to those that are essential to ensure that a supplier has the legal and financial capacities and the commercial and technical abilities to undertake the relevant procurement;

(b) shall evaluate the financial capacity and the commercial and technical abilities of a supplier on the basis of that supplier's business activities both inside and outside the territory of the Party of the procuring entity;

(c) shall base its evaluation solely on the conditions that the procuring entity has specified in advance in notices or tender documentation;

(d) shall not impose the condition that, in order for a supplier to participate in a procurement, the supplier has previously been awarded one or more contracts by a procuring entity of a given Party; and

(e) may require relevant prior experience where essential to meet the requirements of the procurement.

2. Where there is supporting evidence, a Party, including its procuring entities, may exclude a supplier on grounds such as:

(a) bankruptcy;

(b) false declarations;

(c) significant or persistent deficiencies in performance of any substantive requirement or obligation under a prior contract

or contracts;

(d) final judgments in respect of serious crimes or other serious offences;

(e) professional misconduct or acts or omissions that adversely reflect upon the commercial integrity of the supplier; or

(f) failure to pay taxes.

Article 8.12. Registration Systems and Qualification Procedures

1. A Party, including its procuring entities, may maintain a supplier registration system under which interested suppliers are required to register and provide certain information.

2. A Party, including its procuring entities, shall not adopt or apply any registration system or qualification procedure with the purpose or the effect of creating unnecessary obstacles to the participation of suppliers of another Party in its procurement.

3. A procuring entity shall promptly inform any supplier that submits a request for participation in a procurement of the procuring entity's decision with respect to the request. Where an entity rejects a supplier's request for participation or ceases to recognise a supplier as qualified, that entity shall, on request of the supplier, promptly provide it with a written explanation of the reasons for its decision.

4. Where a procuring entity intends to use selective tendering, it shall allow all qualified suppliers to participate in a particular procurement, unless the procuring entity states in the notice of intended procurement any limitation on the number of suppliers that will be permitted to tender and the criteria for selecting the limited number of suppliers.

Article 8.13. Multi-use Lists

1. A procuring entity may maintain a multi-use list of suppliers, provided that a notice inviting interested suppliers to apply for inclusion on the list is published annually in the appropriate medium listed in Appendix 7 to Annex XVI, and where published by electronic means, made available continuously in the electronic medium listed in Appendix 7 of Annex XVI. Where a multi-use list will be valid for three years or less, a procuring entity may publish the notice only once, at the beginning of the period of validity of the list.

2. The notice provided for in paragraph 1 shall include the information specified in Appendix 10 to Annex XVI.

3. A procuring entity shall allow suppliers to apply at any time for inclusion on a multi-use list and shall include on that list all qualified suppliers within a reasonably short time. Where a procuring entity rejects a supplier's application for inclusion on a multi-use list or removes a supplier from a multi-use list, that entity shall promptly inform the supplier and, on request of the supplier, promptly provide the supplier with a written explanation of the reasons for its decision.

Article 8.14. Tender Documentation

1. A procuring entity shall make available to suppliers tender documentation that includes all information necessary to permit suppliers to prepare and submit responsive tenders. Unless already provided for in the notice of intended procurement, such documentation shall include a complete description of the information specified in Appendix 10 to Annex XVI.

2. Where procuring entities do not offer free direct access to the entire tender documents and any supporting documents by electronic means, entities shall make promptly available the tender documentation at the request of any interested supplier of the Parties. The procuring entities shall also promptly reply to any reasonable request for relevant information by any interested or participating supplier, provided that such information does not give that supplier an advantage over other suppliers.

Article 8.15. Technical Specifications

1. A procuring entity shall not prepare, adopt or apply any technical specification nor prescribe any conformity assessment procedure with the purpose or the effect of creating unnecessary obstacles to trade between the Parties.

2. In prescribing the technical specifications for the goods or services being procured, a procuring entity shall, where appropriate:

(a) set out the technical specification in terms of performance and functional requirements, rather than design or descriptive characteristics; and

(b) base the technical specification on international standards, where such exist or otherwise, on EU standards, national technical regulations, (10) national standards or building codes.

3. Where design or descriptive characteristics are used in the technical specifications, a procuring entity should indicate, where appropriate, that it will consider tenders of equivalent goods or services that demonstrably fulfil the requirements of the procurement by including words such as "or equivalent" in the tender documentation.

4. A procuring entity shall not prescribe any technical specifications that require or refer to a particular trademark or trade name, patent, copyright, design or type, specific origin, producer or supplier, unless there is no other sufficiently precise or intelligible way of describing the procurement requirements and provided that, in such cases, the entity includes words such as "or equivalent" in the tender documentation.

5. A procuring entity shall not seek or accept, in a manner that would have the effect of precluding competition, advice that may be used in the preparation or adoption of any technical specification for a specific procurement from a person that may have a commercial interest in the procurement. This provision does not prevent preliminary market consultations in accordance with this Article.

6. For greater certainty, a Party, including its procuring entities, may, in accordance with this Article, prepare, adopt or apply technical specifications to promote the conservation of natural resources or protect the environment.

10Georgia may use national technical regulations which may differ from the international standards, until September of 2022.

Article 8.16. Modifications of the Tender Documentation and Technical Specifications

Where, prior to the award of a contract, a procuring entity modifies the criteria or requirements set out in a notice or tender documentation provided to participating suppliers, or amends or reissues a notice or tender documentation, it shall transmit in writing all such modifications, amended or re-issued notice or tender documentation:

(a) to all suppliers that are participating at the time of the modification, amendment or re-issuance, if known, and in all other cases, in the same manner as the original information was made available; and

(b) in adequate time to allow such suppliers to modify and re-submit amended tenders, as appropriate.

Article 8.17. Time-periods

A procuring entity shall, consistent with its own reasonable needs, provide suppliers sufficient time to prepare and submit requests for participation and responsive tenders, taking into account in particular the nature and complexity of the procurement. Each Party shall apply time-periods according to the conditions specified in Appendix 8 to Annex XVI. Such time-periods, including any extension of the time-periods, shall be the same for all interested or participating suppliers.

Article 8.18. Limited Tendering

1. Provided that it does not use this provision for the purpose of avoiding competition among suppliers or in a manner that discriminates against suppliers of another Party or protects domestic suppliers, a procuring entity may use limited tendering and may choose not to apply Articles 8.10, 8.11, 8.12, 8.13, 8.14, 8.17, 8.19, 8.20, 8.21 and 8.22 only under the following circumstances:

(a) where:

(i) no tenders were submitted, or no supplier requested participation;

(ii) no tenders that conform to the essential requirements of the tender documentation were submitted;

(iii) no suppliers satisfied the conditions for participation; or

(iv) the tenders submitted have been collusive;

Provided that the requirements of the tender documentation are not substantially modified;

(b) where the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for any of the following reasons:

(i) the requirement is for a work of art;

(ii) the protection of patents, copyrights or other exclusive rights; or

(iii) due to an absence of competition on the market for technical reasons;

(c) for additional deliveries by the original supplier of goods and services that were not included in the initial procurement where a change of supplier for such additional goods and services:

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services or installations procured under the initial procurement; and

(ii) would cause significant inconvenience or substantial duplication of costs to the procuring entity;

(d) in so far as strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the procuring entity, the goods or services could not be obtained in time using an open or selective tendering procedure;

(e) for goods purchased on a commodity market;

(f) where a procuring entity procures a prototype or a first good or service that is developed at its request in the course of, and for, a particular contract for research, experiment, study or original development. Original development of a first good or service may include limited production or supply in order to incorporate the results of field testing and to demonstrate that the good or service is suitable for production or supply in quantity to acceptable quality standards, but does not include quantity production or supply to

Establish commercial viability or to recover research and development costs;

(g) for purchases made under exceptionally advantageous conditions that only arise in the very short term in the case of unusual disposals such as those arising from liquidation, receivership, or bankruptcy, but not for routine purchases from regular suppliers; or

(h) where a contract is awarded to a winner of a design contest provided that:

(i) the contest has been organised in a manner that is consistent with the principles of this Chapter, in particular relating to the publication of a notice of intended procurement; and

(ii) the participants are judged by an independent jury or design contest committee with a view to a design contract being awarded to a winner.

2. A procuring entity shall prepare a report in writing on each contract awarded under paragraph 1. The report shall include the name of the procuring entity, the value and kind of goods or services procured, and a statement indicating the circumstances and conditions described in paragraph 1 that justified the use of limited tendering.

Article 8.19. Electronic Auctions

1. Where a procuring entity intends to conduct a covered procurement using an electronic auction, the entity shall provide each participant, before commencing the electronic auction, with:

(a) the automatic evaluation method including the mathematical formula, that is based on the evaluation criteria set out in the tender documentation and that will be used in the automatic ranking or re-ranking during the auction;

(b) the results of any initial evaluation of the elements of its tender where the contract is to be awarded on the basis of the most advantageous tender; and

(c) any other relevant information relating to the conduct of the auction.

Article 8.20. Negotiations

1. A Party may provide for its procuring entities to conduct negotiations:

(a) where the entity has indicated such intent in the notice of intended procurement pursuant to Article 8.10; or

(b) where it appears from the evaluation that no one tender is obviously the most advantageous in terms of the specific evaluation criteria set out in the notice or tender documentation.

2. A procuring entity shall:

(a) ensure that any elimination of suppliers participating in negotiations is carried out in accordance with the evaluation criteria set out in the notice or tender documentation; and

(b) where negotiations are concluded, provide a common deadline for the remaining participating suppliers to submit any new or revised tenders.

Article 8.21. Treatment of Tenders

1. A procuring entity shall receive, open and treat all tenders under procedures that guarantee the fairness and impartiality of the procurement process and the confidentiality of tenders.

2. A procuring entity shall not penalise any supplier whose tender is received after the time specified for receiving tenders if the delay is due solely to mishandling on the part of the procuring entity.

3. Where a procuring entity provides suppliers with an opportunity to correct unintentional errors of form between the opening of tenders and the awarding of the contract, the entity shall provide the same opportunity to all participating suppliers.

Article 8.22. Awarding of Contracts

1. To be considered for award, a tender shall be submitted in writing and shall, at the time of opening, comply with the essential requirements set out in the notices and tender documentation and be from a supplier that satisfies the conditions for participation.

2. Unless a procuring entity determines that it is not in the public interest to award a contract, the entity shall award the contract to the supplier that it has determined to be capable of fulfilling the terms of the contract and that, based solely on the evaluation criteria specified in the notices and tender documentation, has submitted:

(a) the most advantageous tender; or

(b) where price is the sole criterion, the lowest price.

3. Where a procuring entity receives a tender with a price that is abnormally lower than the prices in other tenders submitted, it may verify with the supplier that it satisfies the conditions for participation and is capable of fulfilling the terms of the contract.

4. If a procuring entity uses option clauses, cancels a procurement or modifies awarded contracts, it shall not do so in a manner that circumvents the obligations of this Chapter.

Article 8.23. Transparency of Procurement Information

1. A procuring entity shall promptly inform participating suppliers of its contract award decisions and, on request, shall do so in writing. Subject to Article 8.24, a procuring entity shall, on request, provide an unsuccessful supplier with an explanation of the reasons why the entity did not select its tender and the relative advantages of the successful supplier's tender.

2. No later than 72 days from the award of each contract, a procuring entity shall publish in a paper or electronic medium listed in Appendix 7 of Annex XVI, a notice that includes at least the following information about the contract:

(a) a description of the goods or services procured;

(b) the name and address of the procuring entity;

(c) the name and address of the successful supplier;

(d) the value of the successful tender or the highest and lowest offers taken into account in the award of the contract;

(e) the date of award; and

(f) the type of procurement method used, and in cases where limited tendering was used pursuant to Article 8.18, a description of the circumstances justifying the use of limited tendering.

3. Where the entity publishes the notice only in an electronic medium, the information shall remain readily accessible for a reasonable period of time

4. Each procuring entity shall, for a period of at least three years from the date it awards a contract, maintain the documentation and reports of tendering procedures and contract awards relating to covered procurement, including the reports provided for in Article 8.18, and the data that ensure the appropriate traceability of the conduct of covered procurement by electronic means.

Article 8.24. Disclosure of Information

1. On request of another Party, a Party shall provide promptly any information necessary to determine whether a procurement was conducted fairly, impartially and in accordance with this Chapter, including information on the characteristics and relative advantages of the successful tender.

2. In cases where the release of such information would prejudice competition in future tenders, the Party that receives the information shall not disclose it to any supplier, except after consulting with, and obtaining the agreement of, the Party that provided the information.

3. Notwithstanding any other provision of this Chapter, a Party, including its procuring entities, shall not provide information to a particular supplier that might prejudice fair competition between suppliers.

4. Nothing in this Chapter shall be construed to require a Party, including its procuring entities, authorities, and review bodies, to release information under this Chapter, which is confidential under its domestic legislation or where disclosure:

(a) would impede law enforcement;

(b) might prejudice fair competition between suppliers;

(c) would prejudice the legitimate commercial interests of particular persons, including the protection of intellectual property; or

(d) would otherwise be contrary to the public interest.

Article 8.25. Domestic Review Procedures for Supplier Challenges

1. Each Party shall provide a timely, effective, transparent and non-discriminatory administrative or judicial review procedure according to the due process principle through which a supplier may challenge:

(a) breaches of this Chapter; or

(b) where the supplier does not have a right to challenge directly a breach of this Chapter under the domestic law of a Party, a failure to comply with a Party's measures implementing this Chapter,

Arising in the context of a covered procurement, in which the supplier has, or has had, an interest. The procedural rules for all challenges shall be in writing and made generally available.

2. In the event of a complaint by a supplier, arising in the context of covered procurement in which the supplier has, or has had, an interest, that there has been a breach or a failure as referred to in paragraph 1, the Party of the procuring entity shall encourage that entity and the supplier to seek resolution of the complaint through consultations.

3. Each supplier shall be allowed a sufficient period of time to prepare and submit a challenge, which in no case shall be less than ten days from the time when the basis of the challenge became known, or reasonably should have become known, to the supplier.

4. Each Party shall establish or designate at least one impartial administrative or judicial authority that is independent of its procuring entities (hereinafter referred to as the "review body") to receive and review a challenge by a supplier arising in the context of a covered procurement.

5. Where a body other than a review body referred to in paragraph 4 initially reviews a challenge, the Party shall ensure that the supplier may appeal the initial decision to a review body that is independent of the procuring entity whose procurement is the subject of the challenge.

6. Each Party shall ensure that a review body that is not a court shall either have its decisions subject to judicial review or have procedures that provide that:

(a) the procuring entity shall respond in writing to the challenge and disclose all relevant documents to the review body;

(b) the participants to the proceedings (hereinafter referred to as "participants") shall have the right to be heard prior to a decision of the review body being made on the challenge;

(c) the participants shall have the right to be represented and accompanied;

(d) the participants shall have access to all proceedings;

(e) the participants shall have the right to request that the proceedings take place in public and that witnesses may be presented; and

(f) the review body shall make its decisions or recommendations in a timely fashion, in writing, and shall include an explanation of the basis for each decision or recommendation.

7. Each Party shall adopt or maintain procedures that provide for:

(a) rapid interim measures to preserve the supplier's opportunity to participate in the procurement, such as measures resulting in the suspension of the tendering process. The procedures may provide that overriding adverse consequences for the interests concerned, including the public interest, may be taken into account when deciding whether such measures should be applied. Just cause for not acting shall be provided in writing; and

(b) where a review body has determined that there has been a breach of this Chapter or a failure as referred to in paragraph 1, corrective action or compensation for the loss or damages suffered, which may be limited to either the costs for the preparation of the tender or the costs relating to the challenge, or both.

Article 8.26. Modifications and Rectifications to Coverage

1. A Party may make rectifications of a purely formal nature to its coverage under this Chapter, or minor amendments to its Schedules in Annex XVI, provided that it notifies the other Parties in writing and no Party objects in writing within 45 days from the receipt of the notification. A Party that makes such a rectification or minor amendment need not provide compensatory adjustments to the other Parties.

2. A Party may otherwise modify its coverage under this Chapter provided that:

(a) it notifies the other Parties in writing and offers at the same time acceptable compensatory adjustments to maintain a level of coverage comparable to that existing prior to the modification, except where provided for in paragraph 3; and

(b) no Party objects in writing within 45 days from the receipt of the notification.

3. A Party need not provide compensatory adjustments where the Parties agree that the proposed modification covers a procuring entity over which a Party has effectively eliminated its control or influence. If a Party objects to the assertion that such government control or influence has been effectively eliminated, the objecting Party may request further information or consultations with a view to clarifying the nature of any government control or influence and reaching agreement on the procuring entity's continued coverage under this Chapter.

Article 8.27. Cooperation

1. The Parties recognise the importance of cooperation with a view to achieving a better understanding of their respective government procurement systems, as well as a better access to their respective markets, in particular for small business suppliers.

2. The Parties shall endeavour to cooperate in matters such as:

(a) development and use of electronic communications in government procurement systems; and

(b) exchange of experiences and information, such as regulatory frameworks, best practices and statistics.

Article 8.28. Further Negotiations

In case a Party offers in the future, a non-party, additional benefits with regard to its respective government procurement

market access coverage agreed under this Chapter, it shall agree, upon request of another Party, to enter into negotiations with a view to extending coverage under this Chapter on a reciprocal basis.

Chapter 9. Competition

Article 9. 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 between undertakings, decisions by associations of undertakings and concerted practices between enterprises 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.

2. The provisions of 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 the particular public tasks assigned to them.

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

4. The Parties involved shall cooperate and consult in their dealings with anticompetitive practices as outlined in paragraph 1, with the aim of putting an end to such practices or their adverse effects on trade. 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 under its domestic legislation.

5. If a Party considers that a given practice continues to affect trade in the sense of paragraph 1, after cooperation or consultations in accordance with paragraph 4, 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. The Joint Committee shall, within 30 days from the receipt of the request, examine the information provided in order to facilitate a mutually acceptable solution of the matter.

Chapter 10. Trade and Sustainable Development

Article 10.1. 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 Johannesburg Plan of Implementation on Sustainable Development of 2002, the Rio+20 Outcome Document "The Future We Want" of 2012, the outcome document of the U N Summit on Sustainable Development "Transforming Our World: the 2030 Agenda for Sustainable Development" of 2015, the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up of 1998, the Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work of 2006 and the ILO Declaration on Social Justice for a Fair Globalization of 2008.

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

Article 10.2. Scope

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

2. The reference to labour in this Chapter includes the issues relevant to the Decent Work Agenda as agreed in the ILO.

Article 10.3. 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 accordingly its relevant laws and policies, each Party shall seek to ensure that its laws, policies and practices provide for and encourage high levels of environmental and labour protection, consistent with standards, principles and agreements referred to in Articles 10.5 and 10.7, and shall strive to further improve the level of protection provided for in those laws 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 10.4. 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 10.3, a Party shall not:

(a) weaken or reduce the level of environmental or labour protection provided by its 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, such 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 10.5. 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 86th Session in 1998, to respect, promote and realise the principles concerning the fundamental rights, namely:

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

(b) elimination of all forms of forced or compulsory labour;

(c) effective abolition of child labour; and

(d) 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 the importance of 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 consider the ratification of the other conventions that are classified as "up-to-date" by the ILO.

4. The Parties reaffirm that, as set out in the ILO Declaration on Social Justice for a Fair Globalization adopted by the International Labour Conference at its 97 th session in 2008, the violation of fundamental principles and rights at work shall not be invoked or otherwise used as a legitimate comparative advantage and that labour standards shall not be used for protectionist trade purposes.

Article 10.6. Trade In Forest-based Products

1. In order to promote the sustainable management of forest resources and thereby, inter alia, reduce greenhouse emissions from deforestation and degradation of natural forests and peat lands related to activities in and beyond the forest sector, the Parties commit to work together in the relevant multilateral fora in which they participate and through existing bilateral cooperation if applicable to improve enforcement of domestic forest legislation and governance and to promote trade in legal and sustainable forest-based, agricultural and mining products.

2. Useful instruments to achieve this objective may include, inter alia, the promotion of listing of timber species under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) with regard to endangered timber species, certification schemes for sustainably harvested forest products, regional or bilateral Forest Law Enforcement Governance and Trade (FLEGT) Voluntary Partnership Agreements.

Article 10.7. Multilateral Environmental Agreements and Environmental Principles

The Parties reaffirm their commitment to the effective implementation in their laws and practices of the multilateral environmental agreements to which they are a party, as well as their adherence to environmental principles reflected in the international instruments referred to in Article 10.1.

Article 10.8. 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 environmental technologies, sustainable renewable energy, energy efficient and eco-labelled goods and services. Related non-tariff barriers will be addressed as part of these efforts.

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. To this end, the Parties agree to exchange views and may consider, jointly or bilaterally, cooperation 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 10.9. 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 10.10. Implementation and Consultations

1. Each Party shall designate a contact point for the purpose of implementing this Chapter.

2. A Party may through the contact point 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 reach a mutually satisfactory solution of the matter. Where relevant, subject to the agreement of the Parties, they can seek advice of the relevant international organisations or bodies.

3. The Parties shall not have recourse to arbitration under Chapter 12 for matters arising under this Chapter.

Article 10.11. 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 in order to identify areas where further action could promote these objectives.

Chapter 11. Institutional Provisions

Article 11. Joint Committee

1. The Parties hereby establish the EFTA-Georgia Joint Committee (hereinafter referred to as the "Joint Committee") comprising representatives of each Party. The Parties shall be represented by senior officials designated by them for this purpose.

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

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

(f) 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 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 Georgia. 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 of 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 Georgia.

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.

8. The Joint Committee may decide to amend the Annexes and Appendices to this Agreement and, subject to paragraph 9, set forth the date on which such decisions enter into force.

9. If a representative of a Party in the Joint Committee has accepted a decision subject to the fulfilment of domestic 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 Georgia is one of those Parties. A Party may apply a decision of the Joint Committee provisionally until such decision enters into force for it, subject to its legal requirements.

10. The Joint Committee shall establish its rules of procedure.

Chapter 12. Dispute Settlement

Article 12.1. Scope and Coverage

1. The provisions of this Chapter apply 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. (11) The forum thus selected shall be used to the exclusion of the other.

3. For the purposes of paragraph 2, dispute settlement procedures under the WTO Agreement are deemed to be selected by a Party's request for the establishment of a panel under Article 6 of the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes, whereas dispute settlement procedures under this Agreement are deemed to be selected upon a request for arbitration pursuant to paragraph 1 of Article 12.4.

(11) 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 12.2. Good Offices, Conciliation or Mediation

1. Good offices, conciliation and mediation are procedures that are undertaken voluntarily if the Parties so agree. They may begin, continue and be terminated at any time, including 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 Parties' rights in any further proceedings.

Article 12.3. 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 reach a mutually satisfactory solution of any matter raised in accordance with this Article.

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.

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 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 12.4.

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 in any further proceedings.

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

Article 12.4. Establishment of Arbitration Panel

1. If the consultations referred to in Article 12.3 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. The arbitration panel shall consist of three members who shall be appointed in accordance with the Optional Rules for Arbitrating Disputes between Two States of the Permanent Court of Arbitration, as effective from 20 October 1992 (hereinafter referred to as the "Optional Rules"), mutatis mutandis. The date of establishment of the arbitration panel shall be the date on which the Chairperson is appointed.

4. 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 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 12.4 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."

5. 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 should be established to examine complaints relating to the same matter.

6. 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 12.5. 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 Optional 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 light of the relevant provisions of this Agreement interpreted in accordance with the customary rules of interpretation of public international law.

3. The language of any proceedings shall be English. The hearings of the arbitration panel shall be open to the public, unless the parties to the dispute agree otherwise.

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

5. A Party's written submissions, any written versions of oral statements and responses to questions put by the arbitration panel, shall, at the same time as it is submitted to the arbitration panel, be transmitted by that Party to the other party to the dispute.

6. 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. Decisions of the arbitration panel shall be taken by a majority of its members. 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 12.6. Panel Reports

1. The arbitration panel should submit an initial report containing its findings and rulings to the parties to the dispute not later than 90 days from the date of establishment of the arbitration panel. A party to the dispute may submit written comments to the arbitration panel within 14 days from the receipt of the initial report. The arbitration panel should present to the parties to the dispute a final report within 30 days from the receipt of the initial report by the parties to the dispute.

2. The final report, as well as any report under Articles 12.8 and 12.9 shall be communicated to the Parties. The reports shall be made public, unless the parties to the dispute decide otherwise.

3. Any ruling of the arbitration panel under any provision of this Chapter shall be final and binding upon the parties to the dispute.

Article 12.7. 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 the 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 release of the final report, propose that the parties to the dispute seek to settle the dispute amicably.

Article 12.8. 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, either 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 30 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 either party to the dispute before compensation can be sought or suspension of benefits can be applied in accordance with Article 12.9. The ruling of the arbitration panel should be rendered within 90 days from the receipt of that request.

Article 12.9. Compensation and Suspension of Concessions or other Obligations

1. If the Party complained against does not comply with a ruling of the arbitration panel referred to in Article 12.8, 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. Only if such consultations have been requested and no agreement has been reached within 20 days from the receipt of the request, the complaining Party shall be entitled to suspend the application of concessions or other obligations 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 concessions or other obligations to suspend, the complaining Party should first seek to suspend concessions or other obligations in the same sector or sectors as that affected by the measure that the arbitration panel has found to be inconsistent with this Agreement. If the complaining Party considers that it is not practicable or effective to suspend concessions or other obligations in the same sector or sectors, it may suspend concessions or other obligations in other sectors.

3. The complaining Party shall notify the Party complained against of the concessions or other obligations 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 concessions or other obligations 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. Concessions or other obligations shall not be suspended until the arbitration panel has issued its ruling.

4. Compensation and suspension of concessions or other obligations 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 concessions or other obligations and, in light of such ruling, whether the suspension of concessions or other obligations should be terminated or modified. The ruling of the arbitration panel should be given within 30 days from the receipt of that request.

Article 12.10. Other Provisions

1. Whenever possible, the arbitration panel referred to in Articles 12.8 and 12.9 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. Any time period mentioned in this Chapter may be modified by mutual agreement of the parties to the dispute

3. 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.

Chapter 13. Final Provisions

Article 13.1. Annexes and Appendices

The Annexes to this Agreement, including their Appendices, constitute an integral part of this Agreement.

Article 13.2. Amendments

1. Any Party may submit proposals for amendments to this Agreement to the Joint Committee for consideration and recommendation.

2. Except as otherwise provided for in paragraph 8 of Article 11, amendments to this Agreement 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 Georgia have deposited their instrument of ratification, acceptance or approval with the Depositary. In relation to an EFTA State depositing its instrument of ratification, acceptance or approval after the amendment has entered into force, the amendment shall enter into force on the first day of the third month following the deposit of its instrument.

4. Amendments regarding issues related only to one or several EFTA States and Georgia shall be agreed upon by the Parties concerned.

5. If its respective legal requirements permit, any EFTA State or Georgia may apply any amendments provisionally, pending its entry into force for that Party. Provisional application of amendments shall be notified to the Depositary.

Article 13.3. 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 to be agreed upon by the Parties and the acceding State.

2. The instrument of accession shall be deposited with the Depositary. 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 13.4. 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 Georgia withdraws, this Agreement shall expire when its withdrawal becomes effective.

3. Any 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 13.5. 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 Georgia have deposited their instrument of ratification, acceptance or approval with the Depositary.

3. In relation to an EFTA State depositing its instrument of ratification, acceptance or approval after this Agreement has entered into force, the Agreement shall enter into force on the first day of the third month following the deposit of its instrument.

4. If its respective legal requirements permit, a Party may apply this Agreement provisionally, pending its entry into force for that Party. Provisional application of this Agreement under this paragraph shall be notified to the Depositary.

Article 13.6. Depositary

The Government of Norway shall act as Depositary.

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

Done at Bern, this 27 th day of June 2016, in one original in English, which shall be deposited with the Depositary, who shall transmit certified copies to all the Parties.

For Iceland

For Georgia

For the Principality of Liechtenstein

For the Kingdom of Norway

For the Swiss Confederation