

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

PREAMBLE

Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the Swiss Confederation (EFTA States),

and the Republic of Kosovo, hereinafter each individually referred to as a "Party" or collectively as the "Parties",

RECOGNISING the common wish to strengthen the links between the Parties 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, non-discrimination and international law;

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

REAFFIRMING their commitment to democracy, the rule of law, human rights and fundamental freedoms in accordance with the principles of 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 and ensure 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 coherent and mutually supportive trade, environmental 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 (ILO) Conventions to which they are a party;

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

REAFFIRMING their commitment to promote inclusive economic growth by ensuring equal opportunities for all;

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 OECD Guidelines for Multinational Enterprises, the OECD Principles of Corporate Governance and the UN Global Compact;

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

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

Chapter 1. GENERAL PROVISIONS

Article 1.1. Objectives

1. The Parties hereby establish a free trade area in accordance with the provisions of this Agreement, 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 (GATT 1994);
 - (b) to liberalise trade in services, in conformity with Article V of the General Agreement on Trade in Services (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 ensure adequate and effective protection of intellectual property rights, in accordance with international standards;
 - (g) 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's trade relations; and
 - (h) to contribute to the harmonious development and expansion of world trade.

Article 1.2. Geographical Scope

1. Except as otherwise specified in Annex I (Rules of Origin and Administrative Cooperation) this Agreement applies 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, the Republic of Kosovo. This Agreement shall not apply to the economic relations between individual EFTA States, unless otherwise provided in this Agreement.
2. In accordance with the Customs Treaty of 29 March 1923 between Switzerland and Liechtenstein, Switzerland shall represent Liechtenstein in matters covered thereby.

Article 1.4. Relation to other International Agreements

1. The Parties confirm the principles and rules of the WTO Agreement and the other agreements negotiated thereunder to which they are a party, and any other international agreement to which they are a party.
2. If a Party considers that the maintenance or establishment of a customs union, free trade area, arrangement for frontier trade, or another preferential agreement by another Party has the effect of altering the trade regime provided for by this Agreement, it may request consultations. The Party concluding such agreement shall afford adequate opportunity for consultations with the requesting Party.

Article 1.5. Fulfilment of Obligations

1. Each Party shall take any general or specific measures required to fulfil its obligations under this Agreement.
2. Each Party shall ensure the observance of all obligations and commitments under this Agreement by its respective central, regional and local governments and authorities, and by non-governmental bodies in the exercise of governmental

powers delegated to them by central, regional and local governments or authorities.

Article 1.6. Transparency

1. Each Party 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. Each Party shall promptly respond to specific questions and provide, upon request, information to the other Parties on matters referred to in paragraph 1.
3. Nothing in this Agreement shall require a Party to disclose confidential information, 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 GOODS

Article 2.1. Scope

This Chapter applies to trade in goods between the Parties.

Article 2.2. Import Duties

1. Unless otherwise provided for in this Agreement, the Parties shall apply import duties on goods originating in another Party in accordance with Annex I (Rules of Origin and Administrative Cooperation) and Annexes II to V (Schedules of Tariff Commitments).
2. Unless otherwise provided for in this Agreement, no Party shall introduce new import duties, or increase those already applied on goods originating in another Party in accordance with its Schedule of Tariff Commitments.
3. For the purposes of this Agreement, "import duties" means any duties, taxes or charges imposed in connection with the importation of goods, except those imposed in conformity with:
 - (a) Article III of the GATT 1994, including the interpretative notes thereon; (b) Articles 2.16 (Subsidies and Countervailing Measures), 2.17 (Anti- Dumping), 2.18 (Global Safeguard Measures) or 2.19 (Bilateral Safeguard Measures); or
 - (c) Article VII of the GATT 1994, including the interpretative notes thereon.

Article 2.3. Export Duties

No Party shall adopt or maintain any duties, taxes or charges in connection with the exportation of goods to another Party.

Article 2.4. Rules of Origin and Administrative Cooperation

The rules of origin and administrative cooperation are set out in Annex I (Rules of Origin and Administrative Cooperation).

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 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. Classification of Goods

The classification of goods shall be in conformity with the International Convention on the Harmonized Commodity

Description and Coding System (Harmonized System) or (HS), as regularly amended in the framework of the World Customs Organisation.

Article 2.7. Technical Amendments

1. The Parties shall, as a result of amendments to the HS nomenclature or other technical amendments to a Party's customs tariff, amend Annexes II-V (Schedules of Tariff Commitments).
2. Amendments subject to paragraph 1 shall be carried out without impairing existing tariff commitments or product specific rules. Consequently, the customs duty applicable to the corresponding goods under a new tariff line shall be equal to or lower than the customs duty of the corresponding original tariff line and any other agreed tariff commitments, such as tariff dismantling periods, shall not deteriorate. Product specific rules applicable to the corresponding goods under the new HS classification shall be equal to or less stringent than the product specific rule of the corresponding original HS classification.
3. In Annexes II-V (Schedules of Tariff Commitments), the version of the Harmonized System and the year shall be indicated.

Article 2.8. Sanitary and Phytosanitary Measures

1. With respect to sanitary and phytosanitary measures, the WTO Agreement on the Application of Sanitary and Phytosanitary Measures applies and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.
2. The Parties shall strengthen their cooperation in the field of sanitary and phytosanitary measures, with a view to increasing the mutual understanding of their respective systems and facilitating access to their respective markets.
3. Upon request of a Party, which considers that a sanitary or phytosanitary measure of another Party is likely to create, or has created, an obstacle to trade, or that the other Party has not fulfilled its obligations under this Article, consultations shall be held with the objective of finding a mutually acceptable solution. The consultations shall take place within 30 days from the receipt of the request and may be conducted by any method agreed by the consulting Parties. In case of perishable goods, consultations between the competent authorities shall be held without undue delay. The Joint Committee shall be informed thereof.
4. Upon request of a Party, the Parties shall without undue delay agree on an arrangement extending to each other treatment related to sanitary and phytosanitary measures which all Parties have agreed with the European Union.
5. The Parties shall exchange names and addresses of contact points with sanitary and phytosanitary expertise in order to facilitate communication and the exchange of information.

Article 2.9. Technical Regulations

1. With respect to technical regulations, standards and conformity assessments, the WTO Agreement on Technical Barriers to Trade (TBT Agreement) applies and is hereby incorporated and made part of this Agreement, *mutatis mutandis*.
2. The Parties shall strengthen their cooperation in the field of technical regulations, standards and conformity assessment, with a view to increasing the mutual understanding of their respective systems and facilitating access to their respective markets.
3. Upon request of a Party, which considers that a technical regulation, standard or conformity assessment procedure of another Party is likely to create, or has created, an obstacle to trade, consultations shall be held with the objective of finding a mutually acceptable solution. Consultations shall take place within 30 days from the receipt of the request and may be conducted by any method agreed by the consulting Parties. The Joint Committee shall be informed thereof.
4. Upon request of a Party, the Parties shall without undue delay agree on an arrangement extending to each other treatment related to technical regulations, standards and conformity assessments which all Parties have agreed with the European Union.
5. The Parties shall exchange names and addresses of contact points for this Article in order to facilitate communication and the exchange of information.
6. The extent of the Parties' obligations to notify draft technical regulations shall be governed by the provisions of the TBT Agreement. The Republic of Kosovo shall notify draft technical regulations, draft national standards and conformity assessment procedures to the EFTA States.

Article 2.10. Import Licensing

The WTO Agreement on Import Licensing Procedures applies and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.11. Quantitative Restrictions

1. Article XI of the GATT 1994 applies and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

2. A Party introducing a measure in accordance with paragraph 2 of Article XI of the GATT 1994 shall promptly notify the Joint Committee. A notification by a Party in accordance with Article XI of the GATT 1994 shall be deemed equivalent to a notification under this Agreement.

3. Any measure applied in accordance with this Article shall be of limited duration, non-discriminatory, transparent and may not go beyond what is necessary to remedy circumstances described in paragraph 2 of Article XI of the GATT 1994 and may not create unnecessary obstacles to trade between the Parties. ARTICLE 2.12 Fees and Formalities Article VII of the GATT 1994, including the interpretative notes thereon, apply

and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*, subject to Article 7 (Fees and Charges) of Annex VI (Trade Facilitation).

Article 2.13. National Treatment on Internal Taxation and Regulations

Article III of the GATT 1994 applies and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.14. Trade Facilitation

The provisions on trade facilitation are set out in Annex VI (Trade Facilitation).

Article 2.15. WTO Agreement on Agriculture

The WTO Agreement on Agriculture applies and is hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.16. Subsidies and Countervailing Measures

1. Articles VI and XVI of the GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures apply and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

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. Consultations shall take place in the Joint Committee, unless the Parties making and receiving the request for consultations agree otherwise.

Article 2.17. Anti-dumping

1. The Parties shall 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 (WTO Anti-dumping Agreement) against each other, unless there is proven evidence dumping is taking place.

2. When a Party receives a properly documented application and before initiating an investigation concerning imports of another Party, the Party shall immediately notify in writing the other Party whose products are allegedly being dumped and allow for a 45-day period for consultations with a view to finding a mutually acceptable solution. Consultations shall take place in the Joint Committee, unless the Parties making and receiving the notifications agree otherwise, 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 three 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 the termination of an anti-dumping measure or a determination which resulted in the non-application or revocation of anti-dumping measures.
5. The *de minimis* level referred to in Article 5.8 of the WTO Anti-dumping Agreement shall be 5%, expressed as a percentage of the export price. The volume of dumped imports shall be regarded as negligible, and no measure shall be applied, if the volume of imports from a Party is 5% or less of total imports of the like product.
6. An anti-dumping investigation shall not be initiated unless the application has been made by or on behalf of the domestic industry. The application shall be considered to be made "by or on behalf of the domestic industry" if it is supported by those domestic producers whose collective output constitutes more than 50 percent of the total production of the like product produced by the domestic industry. For the purpose of this Article, "domestic industry" means the domestic producers as a whole of the like products. In the case of an application made or supported by a trade association, only the production of those member producers who support the application shall count towards the standing threshold.
7. When anti-dumping margins are established, assessed or reviewed under Articles 2, 9.3, 9.5, and 11 of the WTO Anti-dumping Agreement regardless of the comparison bases under Article 2.4.2 of the WTO Anti-dumping Agreement, all individual margins, whether positive or negative, shall be counted toward the average.
8. If a Party decides to apply an anti-dumping duty, the Party shall apply the "lesser duty" rule if such lesser duty would be adequate to remove the injury to the domestic industry.
9. Five years from the entry into force of this Agreement, the Joint Committee shall review whether there is a need to maintain the possibility to apply anti-dumping measures between the Parties. If the Parties decide after the first review to maintain this possibility, biennial reviews shall thereafter be conducted in the Joint Committee.

Article 2.18. Global Safeguard Measures

1. The rights and obligations of the Parties with respect to global safeguards shall be governed by Article XIX of the GATT 1994 and the WTO Agreement on Safeguards. In taking measures under these WTO provisions, a Party shall, consistent with the obligations under the WTO agreements, 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.
2. A Party intending to adopt definitive global safeguard measures against one or several Parties, shall inform them and offer consultations. It shall allow for a 45-day period from the date of the offer to hold consultations before adopting any definitive global safeguard measures.
3. A Party adopting global safeguard measures shall impose them in a way that least affects bilateral trade.

Article 2.19. Bilateral 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 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 bilateral safeguard measures to the minimum extent necessary to remedy or prevent the injury, subject to paragraphs 2 to 10.
2. Bilateral 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. The Party intending to take a bilateral safeguard measure pursuant to this Article shall immediately, and in any case before taking 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. A Party that may be affected by the bilateral safeguard measure shall be offered compensation in the form of substantially equivalent trade liberalisation in relation to the imports from any such Party.
4. 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 most-favoured-nation (MFN) rate of duty applied at the time the bilateral safeguard measure is taken; or

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

5. Bilateral safeguard measures shall be taken for a period not exceeding one year. In very exceptional circumstances, after a review by the Joint Committee, measures may be taken up to a total maximum period of three years. No bilateral safeguard measures shall be applied to the import of a product, which has previously been subject to such a measure.

6. The Joint Committee shall, within 30 days from the receipt of the notification, examine the information provided under paragraph 3 in order to facilitate a mutually acceptable solution. In the absence of such solution, the importing Party may adopt a bilateral safeguard measure pursuant to paragraph 4 to remedy the problem, and, in the absence of mutually agreed compensation, the Party against whose product the bilateral safeguard measure is taken may take compensatory action. The bilateral safeguard measure and the compensatory action shall be immediately notified to the other Parties. In the selection of the bilateral 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 while the bilateral safeguard measure under paragraph 4 is being applied.

7. Upon the termination of the bilateral safeguard measure, the rate of customs duty shall be the rate which would have been in effect but for the measure.

8. In critical circumstances, where delay would cause damage which would be difficult to repair, a Party may take a provisional bilateral 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 paragraphs 2 to 6, including for compensatory action, shall be initiated. Any compensation shall be based on the total period of application of the provisional bilateral safeguard measure and of the bilateral safeguard measure.

9. Any provisional bilateral safeguard measure shall be terminated within 200 days at the latest. The period of application of any such provisional bilateral safeguard measure shall be counted as part of the duration, and any extension thereof, of the bilateral safeguard measure, set out in paragraphs 4 and 5 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.

10. Five years from entry into force of this Agreement, the Parties shall review whether there is a need to maintain the possibility to take safeguard measures between them. Following the review, the Parties may decide whether they want to apply this Article any longer. If the Parties decide after the first review to maintain this possibility, biennial reviews shall thereafter be conducted by the Joint Committee.

Article 2.20. 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 apply and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.21. General Exceptions

For the purposes of this Chapter, Article XX of the GATT 1994 and its interpretative notes apply and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.22. Security Exceptions

For the purposes of this Chapter, Article XXI of the GATT 1994 and its interpretative notes apply and are hereby incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 2.23. Balance-of-Payments

1. A Party in serious balance-of-payments difficulties, or under imminent threat thereof, may, in accordance with the conditions as set out in 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.

Article 2.24. Preference Utilisation

1. For the purposes of monitoring the functioning of this Agreement and calculating preference utilisation rates, the Parties shall annually exchange import statistics, tariff rates under this Agreement, and MFN (2) tariff rates.

2. Import statistics comprise all imports from the Party concerned, including trade values and volumes listed at the most detailed level of the national tariff structure. Each Party shall exchange separate statistics for imports from the other Parties:

(a) benefiting from preferential treatment under this Agreement;

(b) benefiting from any other reduced tariff rates; or

(c) under MFN tariff rates.

The Parties shall exchange import statistics on the trade with the individual Parties. Import statistics shall pertain to the three most recent years available.

3. The tariff rates exchanged shall include preferential tariff rates under this Agreement as well as applied MFN tariff rates. They shall pertain to the same year as the import statistics.

4. Upon request, the Parties shall exchange additional information and explanations related to this data exchange in English.

(2) In the case of the Republic of Kosovo "MFN" refers to the Standard Rate, until the Republic of Kosovo becomes a member of WTO.

5. The exchange of import statistics and tariff rates shall start in the year following the first full calendar year after the entry into force of this Agreement.

6. Notwithstanding paragraphs 1 and 2, no Party shall be obliged to exchange data that is confidential in accordance with its domestic laws and regulations.

Article 2.25. Review Clause

Five years from the entry into force of this Agreement, at the request of a Party, the Parties shall conduct a review of the provisions relating to trade in goods and explore opportunities for further liberalisation of trade in goods, including the possibility of additional tariff reductions. The review shall take account of the pattern of trade between the Parties, the sensitivities of such products, and the development of agricultural policy on either side.

Article 2.26. Sub-Committee on Trade In Goods

1. A Sub-Committee on Trade in Goods (Sub-Committee) is hereby established.

2. The mandate of the Sub-Committee is set out in Annex VII (Mandate of the Sub-Committee on Trade in Goods).

Chapter 3. TRADE IN SERVICES

Article 3.1. 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 non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities. It applies to all services sectors.

2. This Chapter does not apply to air services, including domestic and international air transportation services, whether scheduled or non-scheduled, or to related services in support of air services, other than the following:

(a) aircraft repair and maintenance services;

(b) the selling and marketing of air transport services;

(c) computer reservation system (CRS) services;

(d) ground handling services; and

(e) airport operation services.

3. Articles 3.4 (Most-Favoured-Nation Treatment), 3.5 (Market Access) and 3.6 (National Treatment) shall not apply to domestic laws and regulations governing the procurement by governmental agencies of services purchased for governmental purposes and not with a view to commercial resale or with a view to use in the supply of services for commercial sale.

Article 3.2. 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 3.18 (Schedules of Specific Commitments) and contained in Annex VIII (Schedules of Specific Commitments); and

(c) "specific commitment" means a specific commitment in a Schedule referred to in Article 3.18 (Schedules of Specific Commitments).

Article 3.3. Definitions

1. The following definitions of Article I of the GATS are hereby incorporated into and made part of this Chapter:

(a) "trade in services";

(b) "services"; and

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

2. For the purposes of this Chapter:

(a) "service supplier" means any person that supplies, or seeks to supply, a service; (3)

(b) "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 a Party or in the territory of any Member of the WTO; 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 Member of the WTO;

(c) "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 (c)(i).

3. The following definitions of Article XXVIII of the GATS are hereby incorporated into and made part of this Chapter:

(a) "measure";

(b) "supply of a service";

(c) “measures by Members affecting trade in services”;

(d) “commercial presence”;

(e) “sector” of a service;

(f) “service of another Member”;

(g) “monopoly supplier of a service”;

(h) “service consumer”;

(i) “person”;

(j) “juridical person”;

(k) “owned”, “controlled” and “affiliated”; and

(l) “direct taxes”.

(3) 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 3.4. Most-Favoured-Nation Treatment

1. Without prejudice to measures taken in accordance with Article 3.9 (Recognition), and except as provided for in its List of MFN Exemptions contained in Annex IX (List of MEN Exceptions) 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 in compliance with the requirements of paragraph 1 of Article V or Article V bis paragraph (a), *mutatis mutandis*, of the GATS shall not be subject to paragraph 1.

3. If a Party enters into an agreement in compliance with the requirements of paragraph 1 of Article V or Article V bis paragraph (a), *mutatis mutandis*, of the GATS, it shall, upon request from another Party, afford adequate opportunity to that Party to negotiate the benefits granted therein.

4. Nothing in this Chapter shall be so construed as to prevent any Party from conferring or according advantages to adjacent countries in order to facilitate exchanges limited to contiguous zones of services that are both locally produced and consumed.

Article 3.5. Market Access

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

Article 3.6. National Treatment

Article XVII of the GATS applies and is hereby incorporated into and made part of this Chapter

Article 3.7. Additional Commitments

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

Article 3.8. 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.
- (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 (4) applied by that Party.
6. Each Party shall provide for adequate procedures to verify the competence of professionals of any other Party.

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

Article 3.9. Recognition

1. For the purposes of the fulfilment of its relevant standards or criteria for the authorisation, licensing or certification of service suppliers, each Party shall give due consideration to any requests by another Party to recognise the education or experience obtained, requirements met, or licences or certifications granted in 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 3.10. 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, with respect to the supply of a service.
2. This Chapter shall not apply to measures affecting natural persons seeking access to the employment market of a Party,

nor shall it apply to measures regarding nationality, residence or employment on a permanent basis.

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

4. This Chapter shall not prevent a Party from applying measures to regulate the entry of natural persons of another Party into, or their temporary stay in, its territory, including those measures necessary to protect the integrity of, and to ensure the orderly movement of natural persons across its borders, provided that such measures are not applied in such a manner as to nullify or impair the benefits accruing to any Party under the terms of a specific commitment. (5)

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

Article 3.11. Transparency

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

Article 3.12. Monopolies and Exclusive Service Suppliers

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

Article 3.13. Business Practices

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

Article 3.14. Payments and Transfers

1. Except under the circumstances envisaged in Article 3.15 (Restrictions to Safeguard the Balance of Payments), a Party shall not apply restrictions on international transfers and payments for current transactions with another Party.

2. Nothing in this Chapter shall affect the rights and obligations of the Parties under the Articles of Agreement of the International Monetary Fund (IMF), including the use of exchange actions which are in conformity with the Articles of Agreement of the IMF, provided that a Party shall not impose restrictions on capital transactions inconsistently with its specific commitments regarding such transactions, except under Article 3.15 (Restrictions to Safeguard the Balance of Payments) or at the request of the IMF.

Article 3.15. 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 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 thereof.

Article 3.16. 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.

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

Article 3.17. Exceptions

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

Article 3.18. Schedules of Specific Commitments

1. Each Party shall set out in a Schedule the specific commitments it undertakes under Articles 3.5 (Market Access), 3.6 (National Treatment) and 3.7 (Additional Commitments). With respect to sectors where such commitments are undertaken, each Schedule shall specify:

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

(b) conditions and qualifications on national treatment;

(c) undertakings relating to additional commitments referred to in Article 3.7 (Additional Commitments); and

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

2. Measures inconsistent with both Articles 3.5 (Market Access) and 3.6 (National Treatment) shall be subject to paragraph 2 of Article XX of the GATS.

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

Article 3.19. Modification of Schedules

The Parties shall, upon written request by a Party, hold consultations to consider any modification or withdrawal of a specific commitment in the requesting Party's Schedule of Specific Commitments. The consultations shall be held within three months from the 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 Annex VIII (Schedule of Specific Commitments) prior to such consultations is maintained. Modifications of Schedules of Specific Commitments are subject to the procedures set out in Articles 7.1 (Joint Committee) and 9.2 (Amendments).

Article 3.20. Review

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

Article 3.21. Annexes

The following Annexes form an integral part of this Chapter:

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

(b) Annex IX (List of MFN Exemptions);

(c) Annex X (Financial Services);

(d) Annex XI (Telecommunication Services); and

(e) Annex XII (Movement of Natural Persons)

Chapter 4. PROTECTION OF INTELLECTUAL PROPERTY

Article 4.1. 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 this Chapter and Annex XIII (Protection of Intellectual Property Rights), and the international agreements referred to therein.

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

3. The Parties shall grant to each other's nationals treatment no less favourable than that 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. On request of a Party, the Joint Committee shall review this Chapter and Annex XIII (Protection of Intellectual Property Rights), 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 5. COMPETITION

Article 5.1. Rules of Competition

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

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

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

2. Paragraph 1 shall also apply to the activities of public enterprises, and enterprises 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. This Chapter shall be without prejudice to the autonomy of each Party to develop, maintain and enforce its competition laws and regulations.

4. This Article shall not be construed to create any direct obligations for enterprises.

Article 5.2. Cooperation

1. The Parties shall cooperate and consult in their dealings with anti-competitive practices referred to in paragraph 1 of Article 5.1 (Rules of Competition), with the aim of putting an end to such practices or their adverse effects on trade.

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

Article 5.3. Consultations

1. If a Party considers that a given practice continues to affect trade in the sense of paragraph 1 of Article 5.1 (Rules of Competition), after cooperation or consultations in accordance with Article 5.2 (Cooperation), it may request consultations in the Joint Committee.

2. The Parties concerned shall provide the Joint Committee with all the support and available information in order to examine the case and, where appropriate, eliminate the practice objected to.

3. The Joint Committee shall, within 60 days from the receipt of the request, examine the information provided in order to facilitate a mutually acceptable solution of the matter.

Article 5.4. Dispute Settlement

No Party may have recourse to Chapter 8 (Dispute Settlement) for any matter arising under this Chapter.

Chapter 6. TRADE AND SUSTAINABLE DEVELOPMENT

Article 6.1. Context and Objectives

1. The Parties recall the Stockholm Declaration 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 ILO Declaration on Fundamental Principles and Rights at Work of 1998, as amended in 2022, United Nations Economic and Social Council (ECOSOC) ministerial declaration on generating full and productive employment and decent work for all, of 2006, the ILO Declaration on Social Justice for a Fair Globalization of 2008, as

amended in 2022, the ILO Centenary Declaration for the Future of Work of 2019, the Rio+20 Outcome Document "The Future We Want" of 2012 and the UN 2030 Agenda for Sustainable Development of 2015.

2. The Parties shall promote sustainable development which encompasses economic development, social development and environmental protection, all three being interdependent and mutually reinforcing. They underline the benefit of cooperation on trade and investment related aspects of labour and environmental issues as part of a global approach to trade and sustainable development.

3. The Parties commit to promote the development of international trade and investment as well as their preferential economic relationship in a manner that is beneficial to all and that contributes to sustainable development.

Article 6.2. 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 level of environmental and labour protection, and to adopt or modify accordingly its relevant laws, policies and practices, 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 this Chapter. Each Party shall strive to further improve the level of protection provided for in those laws, policies and practices.

2. When preparing and implementing measures related to the environment or labour conditions that affect trade or investment between them, the Parties shall take account of available scientific, technical and other information, and relevant international standards, guidelines and recommendations.

Article 6.3. Upholding Levels of Protection In the Application and Enforcement of Laws, Regulations or Standards

1. No Party shall fail to effectively enforce its environmental and labour laws, regulations or standards in a manner affecting trade or investment between the Parties.

2. No Party shall weaken or reduce the level of environmental or labour protection provided by its laws, regulations or standards with the sole intention to seek a competitive trade advantage of producers or service providers operating in that Party or to otherwise encourage trade or investment.

3. No Party shall 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 a competitive trade advantage of producers or service providers operating in that Party.

Article 6.4. International Labour Standards and Agreements

1. The Parties commit to promote the development of international trade and investment in a way that is conducive to full and productive employment and decent work for all.

2. The Parties recall the obligations deriving from membership of the ILO, including the obligations in respect of the fundamental principles and rights at work as reflected in the ILO Declaration on Fundamental Principles and Rights at Work of 1998, as amended in 2022. They commit 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) the elimination of all forms of forced or compulsory labour;

(c) the effective abolition of child labour;

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

(e) a safe and healthy working environment.

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 and related protocols, the governance Conventions as well as the other Conventions that are classified as "up to date" by the ILO.

4. The Parties recognise the importance of the strategic objectives of the ILO Decent Work Agenda, as reflected in the ILO

Declaration on Social Justice for a Fair Globalization of 2008, as amended in 2022 (ILO Declaration on Social Justice for a Fair Globalization).

5. The Parties commit to:

(a) develop and enhance measures for social protection and decent working conditions for all, including with regard to social security, occupational safety and health, wages and earnings, working time and other conditions of work;

(b) promote social dialogue and tripartism; and (c) build and maintain a well-functioning labour inspection system.

6. Each Party shall ensure that administrative and judicial proceedings are accessible and available in order to permit effective action to be taken against infringements of labour rights referred to in this Chapter.

7. The Parties affirm, as set out in the ILO Declaration on Social Justice for a Fair Globalization, that 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 6.5. Inclusive Economic Development and Equal Opportunities for All

1. The Parties acknowledge the importance of incorporating a gender perspective in the promotion of inclusive economic development and that gender-responsive policies are key elements to enhance the participation of all in the economy and international trade in order to achieve sustainable economic growth.

2. The Parties reaffirm their commitment to implement in their laws, policies and practices the international agreements pertaining to gender equality or non-discrimination to which they are a party.

Article 6.6. Multilateral Environmental Agreements and International Environmental Governance

1. The Parties recognise the importance of multilateral environmental agreements and international environmental governance as a response of the international community to global or regional environmental challenges and stress the need to enhance the mutual supportiveness between trade and environment policies.

2. The Parties affirm their adherence to environmental principles reflected in the international instruments referred to in Article 6.1 (Context and Objectives).

3. The Parties reaffirm their commitment to the effective implementation in their laws, policies and practices of the multilateral environmental agreements to which they are a party.

Article 6.7. Sustainable Forest Management and Associated Trade

1. The Parties recognise the importance of ensuring conservation and sustainable management of forests and related ecosystems with the objective to reduce greenhouse gas emissions and biodiversity loss resulting from deforestation and forest degradation, including from land use and land-use change for agricultural and mining activities.

2. Pursuant to paragraph 1, the Parties commit to:

(a) ensure effective forest law enforcement and governance;

(b) promote trade in products that derive from sustainably managed forests and related ecosystems;

(c) implement measures to combat illegal logging and promote the development and use of timber legality assurance instruments to ensure that only legally sourced timber is traded between the Parties;

(d) promote the effective use of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) with particular regard to timber species; and

(e) cooperate on issues pertaining to conservation and sustainable management of forests, mangroves and peatlands where relevant through existing bilateral arrangements if applicable and in the relevant multilateral fora in which they participate, in particular through the United Nations collaborative initiative on Reducing Emissions from Deforestation and Forest Degradation (REDD+) as encouraged by the Paris Agreement of 2015 (Paris Agreement).

Article 6.8. Trade and Climate Change

1. The Parties recognise the importance of pursuing the objectives of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement in order to address the urgent threat of climate change and the role of trade and investment in pursuing these objectives.

2. Pursuant to paragraph 1, the Parties commit to:

(a) effectively implement their respective obligations and commitments under the UNFCCC and the Paris Agreement;

(b) promote the contribution of trade and investment to the transition to a low- carbon-economy and to climate-resilient development; and

(c) cooperate bilaterally, regionally and in international fora as appropriate on trade-related climate change issues.

Article 6.9. Trade and Biological Diversity

1. The Parties recognise the importance of the conservation and sustainable use of biological diversity, and the role of trade in pursuing these objectives.

2. Pursuant to paragraph 1, the Parties commit to:

(a) promote, as applicable, the inclusion of animal and plant species in the appendices to CITES where a species is threatened or may be threatened with extinction;

(b) implement effective measures to combat transnational organised wildlife crime throughout the entire value chain, including with respect to non-parties;

(c) enhance efforts to prevent or control the introduction and spread of invasive alien species, in connection with trade activities; and

(d) cooperate, where applicable, on issues concerning trade and the conservation and sustainable use of biological diversity, including initiatives to reduce demand for illegal wildlife products.

Article 6.10. Trade and Sustainable Management of Fisheries and Aquaculture

1. The Parties recognise the importance of ensuring the conservation and sustainable management of living marine resources and marine ecosystems and the role of trade in pursuing these objectives.

2. Pursuant to paragraph 1, the Parties commit to:

(a) implement comprehensive, effective and transparent policies and measures to combat illegal, unreported and unregulated (IUU) fishing and aim to prevent IUU products from trade flows;

(b) effectively implement in their laws, policies and practices the international agreements to which they are a party;

(c) promote the use of relevant international guidelines, including the FAO Voluntary Guidelines for Catch Documentation Schemes;

(d) cooperate bilaterally and in relevant international fora in the fight against IUU fishing by, inter alia, facilitating the exchange of information on IUU fishing activities;

(e) the fulfilment of the objectives set out in the 2030 Agenda for Sustainable Development regarding fisheries subsidies, including by prohibiting certain forms of fisheries subsidies which contribute to overfishing and overcapacity and eliminate subsidies that contribute to IUU fishing; and

(f) promote the development of sustainable and responsible aquaculture.

Article 6.11. Trade and Sustainable Agriculture and Food Systems

1. The Parties recognise the importance of sustainable agriculture and food systems and the role of trade in achieving this objective. The Parties reiterate their shared commitment to achieve the 2030 Agenda for Sustainable Development and its Sustainable Development Goals.

2. Pursuant to paragraph 1, the Parties commit to:

(a) promote sustainable agriculture and associated trade;

(b) promote sustainable food systems; and

(c) cooperate, as appropriate, on issues concerning trade and sustainable agriculture and food systems, including through exchanging information, experience and good practices, conducting a dialogue on their respective priorities, and reporting on progress made in achieving sustainable agriculture and food systems.

Article 6.12. Promotion of Trade and Investment Favouring Sustainable Development

1. The Parties recognise the important role of trade and investment in promoting sustainable development in all its dimensions.

2. Pursuant to paragraph 1, the Parties undertake to:

(a) promote and facilitate foreign investment, trade in and dissemination of goods and services that contribute to sustainable development, including those subject to ecological, fair or ethical trade schemes;

(b) promote the development and use of sustainability certification schemes that enhance transparency and traceability throughout the supply chain;

(c) address non-tariff barriers to trade in goods and services that contribute to sustainable development;

(d) promote the contribution of trade and investment towards a resource efficient and circular economy;

(e) promote sustainable procurement practices; and

(f) encourage cooperation between enterprises in relation to goods, services and technologies that contribute to sustainable development.

Article 6.13. Responsible Business Conduct

The Parties commit to promote responsible business conduct, including by encouraging relevant practices such as responsible management of supply chains by businesses. In this regard, the Parties acknowledge the importance of internationally recognised principles and guidelines, such as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

Article 6.14. Cooperation

1. The Parties shall strive to strengthen their cooperation on trade and investment related labour and environmental issues of mutual interest referred to in this Chapter bilaterally as well as in the international fora in which they participate.

2. Each Party may, as appropriate, invite the participation of social partners or other relevant stakeholders in identifying possible areas of cooperation.

Article 6.15. Implementation and Consultations

1. The Parties shall designate the contact points for the purposes of this Chapter.

2. A Party may, through the contact points referred to in paragraph 1, request consultations with another Party regarding any matter arising under this Chapter. The consultations shall take place in the Joint Committee. The parties concerned shall make every attempt to reach a mutually satisfactory resolution of the matter and may seek advice from relevant organisations, bodies or experts.

3. The Parties may have recourse to Articles 8.2 (Good Offices, Conciliation or Mediation) and 8.3 (Consultations) of Chapter 8 (Dispute Settlement).

4. The Parties shall not have recourse to arbitration under Chapter 8 (Dispute Settlement) for matters arising under this Chapter.

5. The Parties shall provide their stakeholders with the opportunity to share comments and make recommendations regarding the implementation of this Chapter.

Article 6.16. Panel of Experts

1. If the Parties concerned fail to reach a mutually satisfactory resolution of a matter arising under this Chapter through consultations under Article 8.3 (Consultations) of Chapter 8 (Dispute Settlement), a Party concerned may request the establishment of a panel of experts. Articles 8.4 (Establishment of Arbitration Panel) and 8.5 (Procedures of the Arbitration Panel) of Chapter 8 (Dispute Settlement) shall apply mutatis mutandis, except as otherwise provided for in this Article.
2. The panellists shall have relevant expertise, including in international trade law and international labour law or environmental law. They shall be independent, serve in their individual capacities and shall not take instructions from any organisation or government with regard to issues related to the disagreement, or be affiliated with the government of a Party.
3. The panel of experts should seek information or advice from relevant international organisations or bodies. Any information obtained shall be submitted to the Parties concerned for their comments.
4. The panel of experts shall submit an initial report containing its findings and recommendations to the Parties concerned within 90 days from the establishment of the panel of experts. A Party concerned may submit written comments to the panel of experts on its initial report within 14 days from the receipt of the report. After considering any such written comments, the panel of experts may modify the initial report and make any further examination it considers appropriate. The panel of experts shall present to the Parties concerned a final report within 30 days from the receipt of the initial report. The final report shall be made public.
5. The Parties concerned shall discuss appropriate measures to implement the final report of the panel of experts. Such measures shall be communicated to the other Parties within three months from the issuance of the final report and shall be monitored by the Joint Committee.
6. Any time period for the purposes of this Article may be modified by mutual agreement of the Parties concerned.
7. When a panel of experts considers that it cannot comply with a timeframe imposed on it for the purposes of this Article, it shall inform the Parties concerned in writing and provide an estimate of the additional time required. Any additional time should not exceed 30 days.
8. The costs of the panel of experts shall be borne by the Parties concerned in equal shares. Each Party concerned shall bear its own legal and other costs incurred in relation to the panel of experts. The panel of experts may decide that the costs be distributed differently taking into account the particular circumstances of the case.
9. Where a procedural question arises, the panel of experts may, after consultation with the Parties concerned, adopt an appropriate procedure.

Article 6.17. Review

This Chapter shall be subject to periodic review within the framework of the Joint Committee, taking into account the Parties' respective participatory processes and institutions. The Parties shall discuss 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 7. INSTITUTIONAL PROVISIONS

Article 7.1. Joint Committee

1. The Parties hereby establish the EFTA-Republic of Kosovo Joint Committee (Joint Committee) comprising representatives of each Party.
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 any 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 sub-committees and working groups 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 may: (a) consider and recommend to the Parties amendments to this Agreement; and (b) decide to amend any Annexes or Appendices to this Agreement.
6. The Joint Committee shall take decisions and make recommendations by consensus. The Joint Committee may adopt decisions and make recommendations regarding issues related to only one or several EFTA States on the one side and the Republic of Kosovo on the other side. Consensus shall only involve, and the decision or recommendation shall only apply to, those Parties.
7. 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, so required, notifies the Depositary that its internal requirements have been fulfilled, unless otherwise agreed. The Joint Committee may decide that the decision enters into force for those Parties that have notified the Depositary that their internal requirements have been fulfilled, provided that the Republic of Kosovo is one of those Parties.
8. 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 the Republic of Kosovo.
9. 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.
10. The Joint Committee shall establish its rules of procedure.

Chapter 8. DISPUTE SETTLEMENT

Article 8.1. Scope and Coverage

1. This Chapter applies with respect to the settlement of any disputes concerning the interpretation or application of this Agreement.
2. Disputes regarding the same matter arising under both this Agreement and the WTO Agreement may be settled in either forum at the discretion of the complaining Party. (6) The forum thus selected shall be used to the exclusion of the other.
3. For the purpose 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 8.4 (Establishment of Arbitration Panel).

(6) 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 8.2. Good Offices, Conciliation or Mediation

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

the parties to the dispute in any other proceedings.

Article 8.3. 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.
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 8.4 (Establishment of Arbitration Panel).
4. The parties to the dispute shall provide sufficient information to enable a full examination of whether the measure is inconsistent with this Agreement or not and treat any confidential information exchanged in the course of consultations in the same manner as the Party providing the information.
5. The consultations shall be confidential and without prejudice to the rights of the parties to the dispute in any other proceedings.
6. The parties to the dispute shall inform the other Parties of any mutually agreed resolution of the matter.

Article 8.4. Establishment of Arbitration Panel

1. If the consultations referred to in Article 8.3 (Consultations) fail to settle a dispute within 60 days, or 30 days in relation to urgent matters, including those on perishable goods, from the receipt of the request for consultations by the Party complained against, the complaining Party may request the establishment of an arbitration panel by means of a written request to the Party complained against. A copy of this request shall be communicated to the other Parties so that they may determine whether to participate in the arbitration process.
2. The request for the establishment of an arbitration panel shall identify the specific measure at issue and provide a brief summary of the legal and factual basis of the complaint.
3. The arbitration panel shall consist of three members who shall be appointed in accordance with the Permanent Court of Arbitration Rules 2012 (PCA Rules 2012) 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 8.4 (Establishment of Arbitration Panel) and to make findings of law and fact together with the reasons, as well as recommendations, if any, for the resolution of the dispute and the implementation of the ruling."
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.
7. Whenever possible, the arbitration panel referred to in Articles 8.8 (Implementation of the Final Panel Report) and 8.9 (Compensation and Suspension of Benefits) shall comprise the same arbitrators who issued the final report. If a member of the original arbitration panel is unavailable, the appointment of a replacement arbitrator shall be conducted in accordance

with the selection procedure for the original arbitrator.

Article 8.5. Procedures of the Arbitration Panel

1. Unless otherwise specified in this Agreement or agreed between the parties to the dispute, the procedures of the arbitration panel shall be governed by the PCA Rules 2012, *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 rules of interpretation of public international law.
3. The language of any proceedings shall be English. The hearings of the arbitration panel shall take place in The Hague and 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. All documents or information submitted by a Party to the arbitration panel, shall, at the same time, be transmitted by that Party to the other party to the dispute. A written submission, request, notice or other document shall be considered received when it has been delivered to the addressee through diplomatic channels.
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

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4. There shall be no *ex parte* communication with the arbitration panel concerning matters under its consideration.
5. All documents or information submitted by a Party to the arbitration panel, shall, at the same time, be transmitted by that Party to the other party to the dispute. A written submission, request, notice or other document shall be considered received when it has been delivered to the addressee through diplomatic channels.
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 8.6. 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 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.
2. The final report, as well as any report under Articles 8.8 (Implementation of the Final Panel Report) and 8.9 (Compensation and Suspension of Benefits), shall be communicated to the Parties. The reports shall be made public, unless the parties to the dispute decide otherwise.
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 8.7. 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 an arbitration panel established under this Agreement by jointly notifying in writing the Chairperson of that arbitration panel.
4. An arbitration panel may, at any stage of the proceedings prior to release of the final report, propose that the parties to the dispute seek to settle the dispute amicably.

Article 8.8. Implementation of the Final Panel Report

1. The Party complained against shall promptly comply with the ruling in the final report. If it is impracticable to comply immediately, the parties to the dispute shall endeavour to agree on a reasonable period of time to do so. In the absence of such agreement within 45 days from the issuance of the final report, a party to the dispute may request the original arbitration panel to determine the length of the reasonable period of time, in light of the particular circumstances of the case. The ruling of the arbitration panel should be given within 60 days from the receipt of that request.
2. The Party complained against shall notify the other party to the dispute of the measure adopted in order to comply with the ruling in the final report, as well as provide a detailed description of how the measure ensures compliance sufficient to allow the other party to the dispute to assess the measure.
3. In case of disagreement as to the existence of a measure complying with the ruling in the final report or to the consistency of that measure with the ruling, such disagreement shall be decided by the same arbitration panel upon the request of a party to the dispute before compensation can be sought or suspension of benefits can be applied in accordance with Article 8.9 (Compensation and Suspension of Benefits). The ruling of the arbitration panel should be rendered within 90 days from the receipt of that request.

Article 8.9. Compensation and Suspension of Benefits

1. If the Party complained against does not comply with a ruling of the arbitration panel referred to in Article 8.8 (Implementation of Final Panel Report), or notifies the complaining Party that it does not intend to comply with the ruling in the final panel report, that Party shall, if so requested by the complaining Party, enter into consultations with a view to agreeing on mutually acceptable compensation. If no such agreement has been reached within 20 days from the receipt of the request, the complaining Party shall be entitled to suspend the application of benefits granted under this Agreement but only equivalent to those affected by the measure that the arbitration panel has found to be inconsistent with this Agreement.
2. In considering what benefits to suspend, the complaining Party should first seek to suspend benefits in the same sector or sectors as that affected by the measure that the arbitration panel has found to be inconsistent with this Agreement. The complaining Party that considers it is not practicable or effective to suspend benefits in the same sector or sectors may suspend benefits in other sectors.
3. The complaining Party shall notify the Party complained against of the benefits which it intends to suspend, the grounds for such suspension and when suspension will commence, no later than 30 days before the date on which the suspension is due to take effect. Within 15 days from the receipt of that notification, the Party complained against may request the original arbitration panel to rule on whether the benefits which the complaining Party intends to suspend are equivalent to those affected by the measure found to be inconsistent with this Agreement, and whether the proposed suspension is in accordance with paragraphs 1 and 2. The ruling of the arbitration panel should be given within 45 days from the receipt of that request. Benefits shall not be suspended until the arbitration panel has issued its ruling.
4. Compensation and suspension of benefits shall be temporary measures and shall only be applied by the complaining Party until the measure found to be inconsistent with this Agreement has been withdrawn or amended so as to bring it into conformity with this Agreement, or until the parties to the dispute have resolved the dispute otherwise.
5. Upon request of a party to the dispute, the original arbitration panel shall rule on the conformity with the final report of any implementing measures adopted after the suspension of benefits and, in light of such ruling, whether the suspension of benefits should be terminated or modified. The ruling of the arbitration panel should be given within 30 days from the receipt of that request.

Article 8.10. Time Periods

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

2. If 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.

Article 8.11. Costs

The costs of arbitration shall be borne by the parties to the dispute in equal shares. Each party to the dispute shall bear its own legal and other costs incurred in relation to the arbitration. The arbitration panel may decide that the costs be distributed differently taking into account the particular circumstances of the case.

Chapter 9. FINAL PROVISIONS

Article 9.1. Annexes and Appendices

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

Article 9.2. 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 Article 7.1 (Joint Committee), amendments to this Agreement shall be subject to ratification, acceptance or approval.

3. Unless otherwise agreed, amendments shall enter into force on the first day of the third month following the date on which at least one EFTA State and the Republic of Kosovo 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 date on which at least one EFTA State and the Republic of Kosovo have deposited their instrument of ratification, acceptance or approval with the Depositary, the amendment shall enter into force on the first day of the third month following the deposit of its instrument.

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

5. The text of the amendments and the instruments of ratification, acceptance or approval shall be deposited with the Depositary.

6. A Party may apply an amendment provisionally, subject to its domestic legal requirements. Provisional application of amendments shall be notified to the Depositary.

Article 9.3. Accession

1. Any State becoming a Member of EFTA may accede to this Agreement on terms and conditions agreed by the Parties and the acceding State.

2. In relation to an acceding State, this Agreement shall enter into force on the first day of the third month following the date on which the acceding State and the last Party have deposited their instruments of ratification, acceptance or approval of the terms of accession.

Article 9.4. 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 from the date on which the notification is received by the Depositary.

2. If the Republic of Kosovo 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 9.5. Entry Into Force

1. This Agreement shall be subject to ratification, acceptance or approval. The instruments of ratification, acceptance or approval shall be deposited with the Depositary.
2. This Agreement shall enter into force on the first day of the third month following the date on which at least one EFTA State and the Republic of Kosovo 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 the date on which at least one EFTA State and the Republic of Kosovo have deposited their instrument of ratification, acceptance or approval with the Depositary, this Agreement shall enter into force on the first day of the third month following the deposit of its instrument.
4. A Party may apply this Agreement provisionally, subject to its domestic legal requirements. Provisional application of this Agreement shall be notified to the Depositary.

Article 9.6. Depositary

The Government of Norway shall act as depositary.

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

Done at Davos, this 22nd day of January 2025, in one original in English, which shall be deposited with the Depositary, who shall transmit certified copies to all the Parties.

For Iceland

For the Republic of Kosovo

For the Principality of Liechtenstein

For the Kingdom of Norway

For the Swiss Confederation