

FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND PALESTINIAN AUTHORITY

Summary

The Free Trade Agreement between the EFTA States and the PLO for the Benefit of the Palestinian Authority was signed in Leukerbad, Switzerland on 30 November 1998. It entered into force on 1 July 1999 ([Article 39](#)). The Agreement covers trade in industrial products as well as fish and marine products. In addition, bilateral agricultural agreements between the individual EFTA countries and the PLO for the Benefit of the Palestinian Authority have been concluded which form part of the instruments creating the free trade area.

Among the objectives of the Agreement ([Article 1](#)) are to promote, through the expansion of reciprocal trade, the harmonious development of economic relations between the Parties. As of 1 July 1999 virtually all customs duties on trade in industrial goods were eliminated. The Agreement includes provisions relating to the elimination of customs duties and other trade barriers as well as other trade-related disciplines such as rules of competition, protection of intellectual property, public procurement, state monopolies, state aid, and payments and transfers. Under the Agreement a Joint Committee is established which supervises the Agreement.

NAVIGATING THE AGREEMENT

The Agreement consists of a total of 40 Articles, a Record of Understanding, six Annexes (I to VI), and five Protocols (A to E) ([table of contents](#)).

- **General provisions**
- **Trade in Goods**
- **Public Procurement**
- **Intellectual Property**
- **Competition**
- **State Aid**
- **Dispute settlement**
- **Institutional Provisions**

Rules of Origin

The rules of origin for industrial goods ([Protocol B](#)) concerning the definition of the concept of originating products and the methods for administrative co-operation, are based on the European model, maintaining the general structure and the substance of the European standard rules. The specific list rules ([Annex II](#) to Protocol B) are also based on the European model.

Industrial Goods

The Agreement provides for effective market access for industrial goods in terms of tariffs and rules of origin. As from entry into force all industrial goods originating in the EFTA States or the West Bank and the Gaza Strip enjoyed duty free access (Article 4).

Fish and marine products

The Agreement covers trade in all fish and other marine products (Article 2 and Annex II). The EFTA States grant duty free access on imports of all fish products as of entry into force of the Agreement. The Palestinian Authority shall establish a duty-free import quota for certain fish products originating in the EFTA States, which shall be increased during a transition period, until it is phased out, together with the customs duties on these products, on 1 January 2004.

Agricultural products

Trade in processed agricultural products is dealt with in a special Protocol to the Agreement (Protocol A) while trade in basic agricultural products is covered in three bilateral agricultural agreements negotiated between the respective EFTA State (Iceland, Norway and Switzerland/Liechtenstein) and the PLO for the Benefit of the Palestinian Authority. The agreements provide for substantial concessions on both sides, while taking into account the respective sensitivities. Each bilateral agreement contains specific rules of origin, generally based on the "wholly-obtained" criteria.

Public Procurement

The provision on public procurement (Article 14) stipulates that the Parties shall co-operate within the framework of the Joint Committee in order to liberalize their respective public procurement markets.

Intellectual Property

The Parties shall grant and ensure adequate and effective protection of intellectual property rights in accordance with the highest international standards. They shall take adequate and effective measures for the enforcement of such rights against infringement thereof. Furthermore, the Parties shall co-operate in matters of intellectual property (Article 15).

Competition

Regarding competition (Article 16), the Agreement includes provisions on co-operation and exchange of information in Joint Committee meetings with the aim of ensuring that the benefits of the Agreement are not frustrated by private anti-competitive behaviour.

State Aid

The Agreement contains comprehensive and specific rules governing the granting of state aid by public authorities of the partner countries (Article 17). The objective of these provisions is to ensure that aid granted by the authorities to private entities do not distort, or threaten to distort, competition among undertakings in the applicable territories of the Agreement.

Institutional Issues: Joint Committee and Dispute Settlement

A Joint Committee comprising the EFTA States and Israel supervises the implementation of the Free Trade Agreement (Articles 27 and 28). Consultations are the fundamental mechanism of dispute settlement between the FTA partners. The Agreement implies that the Parties are to endeavour to solve any differences between them on the interpretation and application of the Agreement by direct consultations, and, if need be, through consultations in the Joint Committee. For cases where the consultations do not led to a satisfactory solution, the Parties may revert to arbitration (Article 29). Annex VI governs the constitution and functioning of the tribunal.
