

ARTICLE 21

Trade facilitation

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

- (a) simplify, to the greatest extent possible, procedures for trade in goods and related services;
- (b) promote multilateral co-operation among them in order to enhance their participation in the development and implementation of international conventions and recommendations on trade facilitation; and
- (c) co-operate on trade facilitation within the framework of the Joint Committee,

in accordance with the provisions set out in Annex I.

VI EXCEPTIONS AND SAFEGUARDS

ARTICLE 22

General exceptions

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

ARTICLE 23

Other exceptions

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

ARTICLE 24

Security exceptions

Nothing in this Agreement shall be construed:

- (a) to require any Party to furnish any information the disclosure of which it considers contrary to its essential security interests;
- (b) to prevent any Party from taking any action which it considers necessary for the protection of its essential security interests:
 - (i) relating to fissionable materials or the materials from which they are derived;
 - (ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment; or
 - (iii) taken in time of war or other emergency in international relations;or
- (c) to prevent any Party from taking any action in pursuance of its obligations under the *United Nations Charter* for the maintenance of international peace and security.

ARTICLE 25

Emergency action

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

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

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

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

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

- (a) the MFN rate of duty applied at the time the action is taken; or
- (b) the MFN rate of duty applied on the day immediately preceding the date of the entry into force of this Agreement.

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

7. The Joint Committee shall, within 30 days from the date of notification referred to in paragraph 4, examine the information provided under paragraph 4 in order to facilitate a mutually acceptable resolution of the matter. In the absence of such resolution, the importing Party may take an action in accordance with paragraph 5 and, in the absence of mutually agreed compensation, the Party against whose product the action is taken may take compensatory action. The emergency action and the compensatory action shall be immediately notified to the other Parties and the Joint Committee. In the selection of the emergency action and the compensatory action, priority must be given to the action which least disturbs the functioning of this Agreement. The compensatory action shall consist of suspension of tariff concessions

under this Agreement having substantially equivalent trade effects or concessions substantially equivalent to the value of the additional duties expected to result from the emergency action. The Party taking compensatory action shall apply the action only for the minimum period necessary to achieve the substantially equivalent trade effects and in any event, only while the measure under paragraph 5 is being applied.

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

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

- (a) the five-year period beginning on the date of entry into force of this Agreement; or, where applicable,
- (b) the staged tariff elimination set out for a product in a Party's schedule in Annex E.

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

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

VII INSTITUTIONAL PROVISIONS

ARTICLE 26

The Joint Committee

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

2. The Joint Committee shall:

- (a) supervise the implementation of this Agreement;
- (b) keep under review the possibility of further removal of barriers to trade and other restrictive regulations of commerce between Canada and the EFTA States;
- (c) oversee the further elaboration of this Agreement;