CHAPTER II TRADE IN GOODS

ARTICLE 4

Scope

This Chapter shall apply to the following products originating in Egypt or an EFTA State:

(a) all products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System (hereinafter referred to as "HS"), with the exception of the products listed in Annex I;

(b) processed agricultural products specified in Protocol A, with due regard to the arrangements provided for in that Protocol;

(c) fish and other marine products as provided for in Annex II; and

(d) agricultural products falling within HS Chapters 1 to 24 as specified in Annex III.

ARTICLE 5

Rules of origin and co-operation in customs administration

Protocol B lays down the rules of origin and methods of administrative co-operation.

ARTICLE 6

Customs duties on imports and charges having equivalent effect

1. No new customs duties on imports or charges having equivalent effect shall be introduced in trade between Egypt and the EFTA States as of the entry into force of this Agreement.

2. Egypt shall gradually eliminate its customs duties on imports and any charges having equivalent effect on products originating in an EFTA State in accordance with Annex IV.

3. The EFTA States shall abolish on the date of entry into force of this Agreement all customs duties on imports and any charges having equivalent effect on products originating in Egypt.

Article 7

Basic duties

1. The applicable rates for imports between the Parties, to which the successive reductions set out in this Agreement are to be applied, shall be the WTO bound rate or the applied rate enforced as of the entry into force of this Agreement if it is lower. If, after the entry into force of this Agreement, a tariff reduction is applied on an *erga omnes* basis, the reduced rate shall apply.

2. The Parties shall communicate to each other their respective rates applied on the date of the entry into force of this Agreement.

Article 8

Customs duties of a fiscal nature

Article 6 shall also apply to customs duties of a fiscal nature.

Article 9

Quantitative restrictions on imports and measures having equivalent effect

1. Quantitative restrictions on imports and any other measures having equivalent effect in trade between Egypt and the EFTA States shall be abolished from the entry into force of this Agreement.

2. No new quantitative restriction on imports or any other measures having equivalent effect shall be introduced in trade between Egypt and the EFTA States.

Article 10

Customs duties and quantitative restrictions on exports

Egypt and the EFTA States shall neither apply customs duties or charges having equivalent effect, nor quantitative restrictions or measures having equivalent effect to exports between themselves.

Article 11

Internal taxation

1. The Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products of a Party and like products originating in the territory of another Party.

2. Products exported to the territory of a Party may not benefit from repayment of indirect internal taxation in excess of the amount of indirect taxation imposed on them either directly or indirectly.

ARTICLE 12

Payments and transfers

1. Payments relating to trade between Egypt and an EFTA State and the transfer of such payments to the territory of the Party where the creditor resides, shall be free from any restrictions.

2. The Parties shall refrain from any currency exchange or administrative restrictions on the grant, repayment or acceptance of short and medium-term credits covering commercial transactions in which a resident participates.

ARTICLE 13

Technical regulations

1. The rights and obligations of the Parties in respect of technical regulations, standards and conformity assessment shall be governed by the WTO Agreement on Technical Barriers to Trade (hereinafter referred to as "the WTO TBT Agreement").

2. The Parties shall strengthen their co-operation 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, thereby preparing the ground for possible mutual recognition agreements.

3. Without prejudice to paragraph 1, the Parties agree to hold consultations in the framework of the Joint Committee where Egypt or an EFTA State considers that one or more EFTA States or Egypt respectively have taken measures which are likely to create, or have created, an obstacle to trade, in order to find an appropriate solution in conformity with the WTO TBT Agreement.

ARTICLE 14

Sanitary and phytosanitary measures

1. The Parties shall apply their regulations for sanitary and phytosanitary matters in a non-discriminatory fashion and shall not introduce any new measures that have the effect of unduly obstructing trade.

2. The principles set out in paragraph 1 shall be applied in accordance with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, which is hereby incorporated into and made part of this Agreement.

ARTICLE 15

State trading enterprises

The rights and obligations of the Parties in respect of state trading enterprises shall be governed by Article XVII of the GATT 1994 and the Understanding on the Interpretation of Article XVII of the GATT 1994, which are hereby incorporated into and made part of this Agreement.

ARTICLE 16

Subsidies and countervailing measures

1. The rights and obligations of the Parties in respect of subsidies and countervailing measures shall be governed by Articles VI and XVI of the GATT 1994, the WTO Agreement on Subsidies and Countervailing Measures and the WTO Agreement on Agriculture.

2. If a Party finds that subsidies are granted which affect trade with another Party, the Party concerned may take appropriate measures in accordance with the above mentioned Agreements and relevant internal legislation and executive regulations.

ARTICLE 17

Anti-dumping

1. The rights and obligations of the Parties in respect of the application of anti-dumping measures shall be governed by Article VI of the GATT 1994 and the Agreement on Implementation of Article VI of the GATT 1994.

2. If a Party finds that dumping is taking place in trade with another Party, the Party concerned may take appropriate measures in accordance with the above mentioned Agreements and relevant internal implementation legislation.

ARTICLE 18

Safeguard measures

1. The provisions of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards shall apply between the Parties.

2. Before applying safeguard measures pursuant to the provisions of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards, the Party intending to apply such measure shall supply the Joint Committee with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties. In order to find such a solution, the Parties shall immediately hold

consultations within the Joint Committee. If, as a result of the consultations, the Parties do not reach an agreement within thirty days of the initiation of the consultations on a solution to avoid the safeguard measures, the Party intending to apply safeguard measures may apply the provisions of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards.

3. In the selection of safeguard measures pursuant to this Article, the Parties shall give priority to those that cause least disturbance to the achievement of the objectives of this Agreement.

4. Safeguard measures shall be notified immediately to the Joint Committee and shall be subject to periodic consultations within the Committee, particularly with a view to their abolition as soon as circumstances permit.

ARTICLE 19

Structural adjustment

1. By way of derogation from the provisions of paragraph 2 of Article 6, Egypt may take exceptional measures of limited duration to increase or re-introduce customs duties.

2. Such measures may only apply to new and infant industries or to sectors undergoing restructuring or experiencing serious difficulties, particularly where those difficulties entail severe social problems.

3. Customs duties on import into Egypt of products originating in an EFTA State that are introduced by such exceptional measures may not exceed 25 per cent *ad valorem*, and must retain a preferential margin for products originating in the EFTA States. The total value of imports of the products subjected to such measures may not exceed 20 per cent of total imports of industrial products from the EFTA States during the last year for which statistics are available.

4. Such measures shall be applied for no longer than five years, except where a longer duration is authorized by the Joint Committee. They shall cease to apply at the latest on expiry of the maximum transitional period.

5. Such measures may not be introduced for a given product if more than three years have elapsed since the abolition of all duties, quantitative restrictions and charges and measures having equivalent effect for the product concerned.

6. Egypt shall inform the Joint Committee of any exceptional measures it intends to adopt and, at the request of an EFTA State, consultations shall be held on the measures and sectors concerned before they are implemented. When adopting such measures, Egypt shall provide the Joint Committee with a schedule for the abolition of the customs duties introduced or increased pursuant to this Article. Such schedule shall provide for the phasing out of the duties concerned by equal annual instalments, starting no later

than the end of the second year following their introduction. The Joint Committee may decide on a different schedule.

7. By way of derogation from the provisions of paragraph 4, the Joint Committee may exceptionally, in order to take into account the difficulties involved in setting up new industries, endorse the measures already taken by Egypt pursuant to paragraph 1 for a maximum period of four years beyond the twelve years transitional period

ARTICLE 20

Re-export and serious shortage

1. Where compliance with the provisions of Article10 leads to:

(a) re-export to a third country against which the exporting Party maintains, for the product concerned, quantitative export restrictions, export duties or measures or charges having equivalent effect; or

(b) a serious shortage, or threat thereof, of a product essential to the exporting Party;

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Party, that Party may take appropriate measures laid down in paragraph 2.

2. The difficulties arising from the situations referred to in paragraph 1 shall be submitted for examination to the Joint Committee. The Committee may take any decision needed to put an end to the difficulties. If it has not taken such a decision within thirty days of the matter being referred to it, the exporting Party may apply appropriate measures on the exportation of the product concerned. The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

3. In the selection of measures, priority must be given to the action which least disturbs the functioning of this Agreement.

4. The measures taken shall be subject to periodic consultations within the Joint Committee with a view to their elimination as soon as circumstances permit.

ARTICLE 21

General exceptions

Nothing in this Agreement shall preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security, of the protections of health and life of humans, animals or plants, of the protection of national treasures possessing artistic, historic or archaeological value, of the protection of intellectual property or of regulations concerning gold and silver or conservation of exhaustible natural resources. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or disguised restriction on trade between the Parties.

ARTICLE 22

Security exceptions

Nothing in this Agreement shall prevent a Party from taking any measures which:

(a) it considers necessary to prevent the disclosure of information contrary to its essential security interests;

(b) relate to the production of, or trade in, arms, munitions or war materials or to research, developments or productions indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes; or

(c) it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension constituting threat of war or in order to carry out obligations it has accepted for the purpose on maintaining peace and international security.

CHAPTER III PROTECTION OF INTELLECTUAL PROPERTY

ARTICLE 23

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, counterfeiting and piracy, in accordance with the provisions of this Article, Annex V to this Agreement and the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as "the TRIPS Agreement").

2. The Parties shall accord to each others' nationals, treatment no less favourable than they accord to their own nationals. Exemptions from this obligation must be in accordance with the substantive provisions of Article 3 of the TRIPS Agreement.

3. The Parties shall accord to each others' nationals, treatment no less favourable than accorded to nationals of any other state. Exemptions from this obligation must be