

CHAPTER II TRADE IN GOODS

ARTICLE 4

Scope

1. This Chapter shall apply to the following products originating in an EFTA State or in Lebanon:

- (a) all products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System (HS), excluding the products listed in Annex II;
- (b) processed agricultural products specified in Protocol A, with due regard to the arrangements provided for in that Protocol; and
- (c) fish and other marine products as provided for in Annex III.

2. Lebanon and each EFTA State have concluded agreements on trade in agricultural products on a bilateral basis. These agreements form part of the instruments establishing a free trade area between the EFTA States and Lebanon.

ARTICLE 5

Rules of origin and methods of administrative co-operation

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 the EFTA States and Lebanon.

2. 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, of products originating in Lebanon.

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

ARTICLE 7

Basic duties

1. The applicable rates for imports between the Parties shall be the most-favoured-nation rate of duty (MFN rate) applied on 21 November 2003, or if lower, the applied rate enforced as of the entry into force of this Agreement. 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

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

ARTICLE 9

Quantitative restrictions on imports and measures having equivalent effect

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

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

ARTICLE 10

Customs duties and quantitative restrictions on exports

The EFTA States and Lebanon shall not apply to exports between themselves either customs duties or charges having equivalent effect, or quantitative restrictions or measures having equivalent effect.

ARTICLE 11

Internal taxation and regulations

1. The Parties commit themselves to apply any internal taxes and other charges and regulations in accordance with Article III of the GATT 1994 and other relevant WTO Agreements.
2. Exporters may not benefit from repayment of internal taxes in excess of the amount of direct or indirect taxation imposed on products exported to the territory of one of the Parties.

ARTICLE 12

Technical regulations

1. The Parties shall co-operate in the field of technical regulations, standards and conformity assessment and shall take appropriate measures to promote international solutions and mutual recognition agreements, as appropriate, to ensure that this agreement will be applied effectively and harmoniously in the mutual interest of all Parties.
2. The Parties agree to hold immediate consultations in the framework of the Joint Committee set up in accordance with Article 30 in case a Party considers that another Party has taken measures which are likely to create, or have created, a technical obstacle to trade, in order to find an appropriate solution in conformity with the WTO Agreement on Technical Barriers to Trade.
3. The Parties' obligations to notify draft technical regulations shall be governed by the criteria set out in the WTO Agreement on Technical Barriers to Trade. The EFTA States will make their notifications to the WTO available to Lebanon. Lebanon shall notify draft technical regulations to the EFTA Secretariat, which shall distribute them to the other Parties.

ARTICLE 13

Sanitary and phytosanitary measures

1. The Parties shall apply their regulations in 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.

ARTICLE 14

State monopolies

The EFTA States and Lebanon shall progressively adjust any state monopoly of a commercial character so as to ensure that by the end of the fourth year following the entry into force of this Agreement, with the exceptions laid down in Protocol C, no discrimination regarding the conditions under which goods are procured and marketed will exist between nationals of the EFTA States and of Lebanon. These goods shall be procured and marketed in accordance with commercial considerations.

ARTICLE 15

Subsidies

1. The rights and obligations of the Parties relating to subsidies and countervailing measures shall be governed by Articles VI and XVI of the GATT 1994, the WTO Agreement on Subsidies and Countervailing Measures and the WTO Agreement on Agriculture, except as otherwise provided for in this Article.
2. The extent of the Parties' obligations to ensure transparency of subsidy measures shall be governed by the criteria set out in Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures. The EFTA States will make their notifications on subsidies to the WTO available to Lebanon. Lebanon shall notify its subsidies to the EFTA Secretariat, which shall distribute them to the other Parties.
3. Before an EFTA State or Lebanon, as the case may be, initiates an investigation to determine the existence, degree and effect of any alleged subsidy in Lebanon, or in an EFTA State, as provided for in Article 11 of the Agreement on Subsidies and Countervailing Measures, the Party considering initiating an investigation shall notify in writing the Party whose goods are subject to investigation and allow for a 45 day period with a view to finding a mutually acceptable solution. The consultations shall take place in the Joint Committee if any Party so requests within 20 days from the receipt of the notification.

ARTICLE 16

Anti-Dumping

1. If an EFTA State finds that dumping within the meaning of Article VI of the GATT 1994 is taking place in trade with Lebanon, or if Lebanon finds that dumping within this meaning is taking place in trade with an EFTA State, the Party concerned

may take appropriate measures against this practice in accordance with the WTO Agreement on Implementation of Article VI of the GATT 1994.

2. The Parties shall, upon request of any Party, meet in the Joint Committee to review the contents of this Article.

ARTICLE 17

Rules of competition concerning undertakings

1. The following are incompatible with the proper functioning of this Agreement in so far as they may affect trade between an EFTA State and Lebanon:

- (a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
- (b) abuse by one or more undertakings of a dominant position in the territories of the Parties as a whole or in a substantial part thereof.

2. With regard to public enterprises and enterprises to which special or exclusive rights have been granted, the Parties shall ensure that as from the fourth year following the date of entry into force of this Agreement there is neither enacted nor maintained any measure distorting trade between the EFTA States and Lebanon to an extent contrary to the Parties' interests. This provision should not obstruct the performance in law or in fact of the particular tasks assigned to these enterprises.

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

4. The Parties will enforce their respective competition legislation and shall exchange information taking into account the limitations imposed by the requirements of confidentiality. Upon request of a Party, the Parties will consult in order to facilitate the implementation of paragraph 1 and 2.

5. If a Party considers that a given practice is incompatible with the provisions of paragraphs 1 and 2, the Parties concerned shall give to the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the Party in question fails to put an end to the practice objected to within the period fixed by the Joint Committee or if the Joint Committee fails to reach an agreement after consultations, or after thirty days following referral for such consultations, the Party concerned may adopt appropriate measures to deal with the difficulties resulting from the practice in question. The application and removal of such measures shall be governed by Article 33.

ARTICLE 18

Emergency action on imports of particular products

1. The provisions of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards are applicable between the Parties, including as regards concessions granted under this Agreement.
2. Before applying safeguard measures according to paragraph 1, the Party intending to apply such measures 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. Without prejudice to provisional action in critical circumstances as set out in paragraph 2 of Article XIX of the GATT 1994, the Parties shall immediately hold consultations within the Joint Committee in order to find such a solution. If, as a result of the consultations, the Parties do not reach an agreement within thirty days of the initiation of the consultations, the Party intending to apply safeguard measures may apply the provisions of the 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, which cause least disturbance to the achievement of the objectives of this Agreement.
4. Safeguard measures shall be notified immediately to the Joint Committee and be the subject of periodic consultations within the Committee, particularly with a view to their abolition as soon as circumstances permit.

ARTICLE 19

Structural adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 6 may be taken by Lebanon in the form of an increase or reintroduction of customs duties.
2. These measures may only concern new and infant industries, or sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties entail major social problems.
3. Customs duties on imports into Lebanon of products originating in the EFTA States that are introduced by such exceptional measures may not exceed 25% *ad valorem* and shall maintain an element of preference for products originating in the EFTA States. They may not exceed customs duties levied on imports to Lebanon of similar goods from any other country. The total value of imports of the products which are subject to these measures may not exceed 20% of the yearly average of total imports

of industrial products from the EFTA States as defined in Article 4(a) during the last three years for which statistics are available.

4. These measures shall be applied for a period not exceeding five years unless a longer duration is authorised by the Joint Committee. They shall cease to apply at the latest on the expiry of the maximum transitional period ending on 1 March 2015.

5. No such measures can be introduced in respect of a product if more than three years have elapsed since the elimination of all duties and quantitative restrictions or charges or measures having equivalent effect concerning that product.

6. Lebanon 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 in the Joint Committee on the measures and sectors concerned before they are implemented. When adopting such measures Lebanon shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing-out of these duties in 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 provisions of paragraph 4, the Joint Committee may exceptionally, to take account of the difficulties involved in setting up new industries, endorse the measures already taken by Lebanon pursuant to paragraph 1 for a maximum period of three years beyond the transitional period.

ARTICLE 20

Re-export and serious shortage

1. Where compliance with the provisions of Article 10 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.

2. The Party intending to take measures under this Article shall promptly notify the other Parties and the Joint Committee thereof. The Joint Committee shall examine the situation and may take any decisions needed to put an end to it. In the absence of such a decision within 30 days of the matter being referred to the Joint Committee, the Party concerned may adopt the appropriate measures to remedy the problem. The

measures shall be immediately notified to the Joint Committee. In the selection of measures priority must be given to the action which least disturbs the functioning of this Agreement.

3. Where exceptional and critical circumstances requiring immediate action make prior information or examination, as the case may be, impossible, the Party concerned may forthwith apply temporary measures necessary to deal with the situation and shall immediately inform the other Parties and the Joint Committee thereof.

4. The measures taken shall be the subject of 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 protection 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 it considers necessary:

- (a) to prevent the disclosure of information contrary to its essential security interests;
- (b) for the protection of its essential security interests or for the implementation of international obligations or national policies
 - (i) relating to the traffic in arms, ammunition and implements of war, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes, and to such traffic in other goods, materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment;

- (ii) relating to the non-proliferation of biological and chemical weapons, nuclear weapons or other nuclear explosive devices; or
- (iii) taken in time of war or other serious international tension.

ARTICLE 23

Balance of payments difficulties

1. The Parties shall endeavour to avoid the imposition of restrictive measures for balance of payment purposes.
2. Where a Party faces or risks facing serious difficulties concerning its balance of payment or is under imminent threat thereof, the Party may in accordance with the relevant provisions under the GATT 1994 take the restrictive measures that are necessary to remedy the situation, and shall inform as soon as possible the other Parties, and provide them with the timetable for the removal of such measures.

CHAPTER III PROTECTION OF INTELLECTUAL PROPERTY

ARTICLE 24

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 international agreements referred to therein.
2. The Parties shall accord to each others' 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 Article 3 and 5 of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).
3. The Parties shall grant to each others' nationals treatment no less favourable than that accorded to nationals of any other State. Exemptions from this obligation must be in accordance with the substantive provisions of the TRIPS Agreement, in particular Articles 4 and 5 thereof.
4. The Parties agree, upon request of any Party, to review the provisions on the protection of intellectual property rights contained in this Article and in Annex V, with a view to further improving the levels of protection and to avoid or remedy trade distortions caused by actual levels of protection of intellectual property rights.