

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

PREAMBLE

The Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway, the Swiss Confederation (hereinafter called the EFTA States)

and

the Republic of Lithuania (hereinafter called Lithuania),

Recalling their intention to participate actively in the process of economic integration in Europe and expressing their preparedness to cooperate in seeking ways and means to strengthen this process,

Considering the importance of the links existing between the EFTA States and Lithuania, in particular the Declaration signed in Geneva in December 1991, and recognizing the common wish to strengthen these links, thus establishing close and lasting relations,

Recalling their firm commitment to the Final Act of the Conference on Security and Cooperation in Europe, the Charter of Paris for a new Europe, and in particular the principles contained in the final document of the CSCE Bonn Conference on Economic Cooperation in Europe,

Reaffirming their commitment to pluralistic democracy based on the rule of law, human rights, including rights of persons belonging to minorities, and fundamental freedoms, and recalling their membership in the Council of Europe,

Desiring to create favourable conditions for the development and diversification of trade between them and for the promotion of commercial and economic cooperation in areas of common interest on the basis of equality, mutual benefit, most-favourable treatment and international law,

Resolved to contribute to the strengthening of the multilateral trading system and to develop their relations in the field of trade in accordance with the principles of the Agreement Establishing the World Trade Organization (WTO), Lithuania having the objective to become a Member of WTO,

Considering that no provision of this Agreement may be interpreted as exempting the States Parties to this Agreement from their obligations under other international agreements, especially WTO,

Determined to implement this Free Trade Agreement with the objective to preserve and protect the environment and to ensure an optimal use of natural resources in accordance with the principle of sustainable growth,

Firmly convinced that this Free Trade Agreement will foster the creation of an enlarged and harmonious free trade area within Europe, thus constituting an important contribution to European integration,

Declaring their readiness to examine, in the light of any relevant factor, the possibility of developing and deepening their economic relations in order to extend them to fields not covered by this Agreement,

HAVE DECIDED, in pursuance of the above, to conclude the following Agreement (hereinafter called this Agreement):

Article 1

Objectives

1. The EFTA States and Lithuania shall establish a free trade area in accordance with the provisions of the present Agreement.

2. The objectives of this Agreement, which is based on trade relations between market economies and on the respect of democratic principles and human rights, are:

(a) to promote, through the expansion of reciprocal trade, the harmonious development of the economic relations between the EFTA States and Lithuania and thus to foster in the EFTA States and in Lithuania the advance of economic activity, the improvement of living and employment conditions, and increased productivity and financial stability;

(b) to provide fair conditions of competition for trade between the States Parties to this Agreement;

(c) to contribute in this way, by the removal of barriers to trade, to European economic integration and to the harmonious development and expansion of world trade.

Article 2

Scope

This Agreement shall apply:

(a) to products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System, excluding the products listed in Annex I;

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

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

originating in an EFTA State or Lithuania.

Article 3

Rules of origin and co-operation in customs administration

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

2. The States Parties to this Agreement shall take appropriate measures, including regular reviews by the Joint Committee and arrangements for administrative co-operation, to ensure that the provisions of Articles 4 (Customs duties on imports and charges having equivalent effect), 5 (Basic duties), 6 (Customs duties of a fiscal nature), 7 (Customs duties on exports and charges having equivalent effect), 8 (Quantitative restrictions on imports or exports and measures having equivalent effect), 13 (Internal taxation) and 22 (Re-export and serious shortage) of this Agreement and Protocol B are effectively and harmoniously applied, and to reduce,

as far as possible, the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.

3. A first review referred to in paragraph 2 will take place within one year after the entry into force of this Agreement. Subsequent reviews shall take place every second year. On the basis of these reviews, the States Parties to this Agreement shall decide on the appropriate measures to be taken.

Article 4

Customs duties on imports and charges having equivalent effect

1. No new customs duty on imports or charge having equivalent effect shall be introduced in trade between the EFTA States and Lithuania.

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 on products originating in Lithuania.

3. Lithuania 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 an EFTA State, except as provided for in Annex III.

Article 5

Basic duties

1. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied, shall be the Most-Favoured-Nation rate of duty (conventional rate of duty) applied on 1 November 1995.

2. If, before, by or after entry into force of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular reductions implemented as a result of the accession of Lithuania to the WTO, such reduced duties shall replace the basic duties referred to in paragraph 1 as from the date when such reductions are applied, or from the entry into force of this Agreement if this is later.

3. The reduced duties calculated in accordance with Article 4 (Customs duties on imports and charges having equivalent effect) shall be applied rounded to the first decimal place or, in case of specific duties, to the second decimal place.

Article 6

Customs duties of a fiscal nature

The provisions of Article 4 (Customs duties on imports and charges having equivalent effect) shall also apply to customs duties of a fiscal nature, except as provided for in Protocol C.

Article 7

Customs duties on exports and charges having equivalent effect

1. No new customs duty on exports or charge having equivalent effect shall be introduced in trade between the EFTA States and Lithuania.

2. The EFTA States and Lithuania shall abolish on the date of entry into force of this Agreement all customs duties on exports and any charges having equivalent effect.

Article 8

Quantitative restrictions on imports or exports and measures having equivalent effect

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

2. The EFTA States shall abolish on the date of entry into force of this Agreement quantitative restrictions on imports or exports and measures having equivalent effect, except as provided for in Annex IV.

3. Lithuania shall abolish on the date of entry into force of this Agreement all quantitative restrictions on imports or exports and measures having equivalent effect.

Article 9

General exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants and the environment; the protection of national treasures possessing artistic, historic or archaeological value; the protection of intellectual property; rules relating to gold or silver; or the conservation of exhaustible natural resources, if such measures are made effective in conjunction with restrictions on domestic production or consumption. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the States Parties to this Agreement.

Article 10

State monopolies

1. The States Parties to this Agreement shall ensure that any state monopoly of a commercial character be adjusted, subject to the provisions laid down in Protocol D, so that no discrimination regarding the conditions under which goods are procured and marketed will exist between nationals of the EFTA States and of Lithuania. These goods shall be procured and marketed in accordance with commercial considerations.

2. The provisions of this Article shall apply to any body through which the competent authorities of the States Parties to this Agreement, in law or in fact, either directly or indirectly supervise, determine or appreciably influence imports or exports between the States Parties to this Agreement. These provisions shall likewise apply to monopolies delegated by the State to other bodies.

Article 11

Technical regulations

1. The States Parties to this Agreement agree:

(a) to hold immediate consultations in the framework of the Joint Committee in case a State Party considers that another State Party has taken measures which are likely to create, or have created, an obstacle to trade, in order to find an appropriate solution;

(b) to discuss in the Joint Committee possibilities to co-operate more closely on matters related to removing obstacles. This co-operation may take place in fields related to technical regulations and standardization as well as testing and certification.

2. The States Parties to this Agreement commit themselves to notify the technical regulations in accordance with the provisions of the WTO Agreement on Technical Barriers to Trade.

Article 12

Trade in agricultural products

1. The States Parties to this Agreement declare their readiness to foster, in so far as their agricultural policies allow, harmonious development of trade in agricultural products.

2. In pursuance of this objective each individual EFTA State and Lithuania have concluded a bilateral arrangement providing for measures to facilitate trade in agricultural products.

3. The States Parties to this Agreement shall apply their regulations in sanitary and phytosanitary matters in a non-discriminatory manner and shall not introduce any new measures that have the effect of unduly obstructing trade.

Article 13

Internal taxation

1. The States Parties to this Agreement shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products originating in an EFTA State and like products originating in Lithuania.

2. Exporters may not benefit from repayment of internal taxation in excess of the amount of direct or indirect taxation imposed on products exported to the territory of one of the States Parties to this Agreement.

Article 14

Payments

1. Payments relating to trade between an EFTA State and Lithuania and the transfer of such payments to the territory of the State Party to this Agreement where the creditor resides, shall be free from any restrictions. Payments between the Parties shall be effected in freely convertible currencies, unless otherwise agreed by individual companies in individual cases.

2. The States Parties to this Agreement 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 15

Public procurement

1. The States Parties to this Agreement consider the effective liberalization of their respective public procurement markets on the basis of non- discrimination and reciprocity, in particular on the basis of the Agreement on Government Procurement (GPA) at Annex IV to the Agreement Establishing the WTO, as an integral objective of this Agreement.
2. To this effect, the Parties shall, within one year after the entry into force of this Agreement, elaborate rules within the framework of the Joint Committee with a view to ensure such a liberalization.
3. The States Parties to this Agreement concerned shall endeavour to accede to the WTO Agreement on Government Procurement.

Article 16

Protection of intellectual property

1. The States Parties to this Agreement shall grant and ensure adequate, effective and non- discriminatory protection of intellectual property rights, including measures for the enforcement of such rights against infringement thereof, counterfeiting and piracy. Particular obligations of the States Parties to this Agreement are contained in Annex V.
2. In accordance with the substantive provisions of the TRIPS Agreement, in particular Articles 4 and 5 thereof, the States Parties to this Agreement shall not grant treatment less favourable to nationals of each other than that accorded to nationals of any other State. In accordance with Article 4, paragraph (d) of the TRIPS Agreement, any advantage, favour, privilege or immunity deriving from international agreements in force for a State Party to this Agreement at the entry into force of this Agreement and notified to the other States Parties at the latest six months after the entry into force of this Agreement, shall be exempted from this obligation, provided that it does not constitute an arbitrary or unjustifiable discrimination of nationals of the other States Parties.
3. Two or more States Parties to this Agreement may conclude further agreements exceeding the requirements of this Agreement, provided that such agreements shall be open to all other States Parties to this Agreement on terms equivalent to those under the agreements and that they shall be ready to enter into good faith negotiations to this end.
4. The States Parties to this Agreement agree, upon request of an EFTA State or Lithuania, to review the provisions on the protection of intellectual property rights contained in the present Article and in Annex V, with a view to further improve levels of protection and to avoid or remedy trade distortions caused by actual levels of protection of intellectual property rights.

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 Lithuania:

(a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their objective 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 States Parties to this Agreement as a whole or in a substantial part thereof.

2. The provisions of paragraph 1 shall also apply to the activities of public undertakings, and undertakings for which the States Parties to this Agreement 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. If a State Party to this Agreement considers that a given practice is incompatible with the provisions of paragraphs 1 and 2, it may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 25 (Procedure for the application of safeguard measures).

Article 18

State aid

1. Any aid granted by a State Party to this Agreement or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it may affect trade between an EFTA State and Lithuania, be incompatible with the proper functioning of this Agreement.

2. Any practices contrary to paragraph 1 should be assessed on the basis of the criteria set out in Annex VI.

3. The States Parties to this Agreement shall ensure transparency of state aid measures by exchanging information as provided in Annex VII.

4. If a State Party to this Agreement considers that a given practice is incompatible with the provisions of paragraph 1, it may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 25 (Procedure for the application of safeguard measures).

Article 19

Dumping

If an EFTA State finds that dumping within the meaning of Article VI of the General Agreement on Tariffs and Trade 1994 is taking place in trade with Lithuania, or if Lithuania finds that dumping within this meaning is taking place in trade with an EFTA State, the State Party concerned may take appropriate measures against this practice in accordance with the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 and with the procedure laid down in Article 25 (Procedure for the application of safeguard measures).

Article 20

Emergency action on imports of particular products

Where any product is being imported in such increased quantities and under such conditions as to cause, or threaten to cause:

(a) serious injury to domestic producers of like or directly competitive products in the territory of the importing State Party to this Agreement, or

(b) serious disturbances in any related sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region,

the State Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 25 (Procedure for the application of safeguard measures).

Article 21

Structural adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 4 (Customs duties on imports and charges having equivalent effect) may be taken by Lithuania in the form of increased customs duties.

2. These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.

3. After the introduction of these measures, the total *ad valorem* customs duties applicable in Lithuania to products originating in the EFTA States may not exceed 25% and shall maintain an element of preference for products originating in the EFTA States. The total value of imports of the products which are subject to these measures may not exceed 15% of total imports of industrial products from the EFTA States as defined in Article 2 (a) during the last year for which statistics are available.

4. These measures shall be applied for a period not exceeding three years unless a longer duration is authorized by the Joint Committee. They shall cease to apply at the latest by 31 December 2000 and no such measures can be introduced in respect of a product if more than three years have elapsed since the entry into force of this Agreement or since the elimination of all duties and quantitative restrictions or charges or measures having an equivalent effect concerning that product, whichever is later.

5. Lithuania shall inform the Joint Committee of any exceptional measures it intends to take and, at the request of the EFTA States, consultations shall be held in the Joint Committee on such measures and the sectors to which they apply before they are applied. When taking such measures Lithuania 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 at equal annual rates starting at the latest two years after their introduction. The Joint Committee may decide on a different schedule.

Article 22

Re-export and serious shortage

Where compliance with the provisions of Articles 7 (Customs duties on exports and charges having equivalent effect) and 8 (Quantitative restrictions on imports or exports and measures having equivalent effect) leads to

(a) re-export towards a third country against which the exporting State Party to this Agreement 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 State Party to this Agreement;

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting State Party, that State Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 25 (Procedure for the application of safeguard measures). The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 23

Balance of payments difficulties

1. The States Parties to this Agreement shall endeavour to avoid the imposition of restrictive measures for balance of payments purposes.

2. Where an EFTA State or Lithuania is in serious balance of payments difficulties, or under imminent threat thereof, the EFTA State or Lithuania, as the case may be, may, in accordance with the conditions established under the General Agreement on Tariffs and Trade 1994 and the 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. Preference shall be given to price-based measures which shall be progressively relaxed as balance of payments conditions improve and eliminated when conditions no longer justify their maintenance. The EFTA State or Lithuania, as the case may be, shall inform the other States Parties to this Agreement and the Joint Committee forthwith, if possible, prior to their introduction and shall provide a time schedule for their removal. The Joint Committee shall, upon the request of any other State Party, examine the need for maintaining the measures taken.

3. No restrictive measures shall apply to transfers related to investments and in particular to the repatriation of amounts invested or reinvested and of any kind of revenues stemming therefrom.

Article 24

Arbitration Procedure

1. Disputes between States Parties to this Agreement, relating to the interpretation of rights and obligations of the States Parties to this Agreement, which have not been settled through consultation or in the Joint Committee within six months, may be referred to arbitration by any State party to the dispute by means of a written notification addressed to the other State party to the dispute. A copy of this notification shall be communicated to all States Parties to this Agreement.

2. The constitution and functioning of the arbitral tribunal is governed by Annex VIII.

Article 25

Procedure for the application of safeguard measures

1. Before initiating the procedure for the application of safeguard measures set out in the following paragraphs of the present Article, the States Parties to this Agreement shall endeavour to solve any differences between them through direct consultations, and inform the other States Parties to this Agreement thereof.

2. Without prejudice to paragraph 6 of the present Article, a State Party which considers resorting to safeguard measures shall promptly notify the other States Parties and the Joint Committee thereof and supply all relevant information.

Consultations between the States Parties to this Agreement shall take place without delay in the Joint Committee with a view to finding a commonly acceptable solution.

3.(a) As regards Articles 17 (Rules of competition concerning undertakings) and 18 (State aid), the States 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 State 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 State Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.

(b) As regards Articles 19 (Dumping), 20 (Emergency action on imports of particular products) and 22 (Re-export and serious shortage), the Joint Committee shall examine the case or the situation and may take any decision needed to put an end to the difficulties notified by the State Party concerned. In the absence of such a decision within thirty days of the matter being referred to the Joint Committee, the State Party concerned may adopt the measures necessary in order to remedy the situation.

(c) As regards Article 31 (Fulfilment of obligations), the State Party concerned shall supply the Joint Committee with all relevant information required for a thorough examination of the situation with a view to seeking a commonly acceptable solution. If the Joint Committee fails to reach such a solution or if a period of three months has elapsed from the date of notification, the State Party concerned may take appropriate measures.

4. The safeguard measures taken shall be notified immediately to the States Parties to this Agreement and to the Joint Committee. They shall be restricted with regard to their extent and to their duration to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be in excess of the injury caused by the practice or the difficulty in question. Priority shall be given to such measures that will least disturb the functioning of this Agreement. The measures taken by Lithuania against an action or an omission of an EFTA State may only affect the trade with that State. The measures taken against an action or omission of Lithuania may be only taken by that or those EFTA States the trade of which is affected by the said action or omission.

5. The safeguard measures taken shall be the object of regular consultations within the Joint Committee with a view to their relaxation, substitution or abolition, when conditions no longer justify their maintenance.

6. Where exceptional circumstances requiring immediate action make prior examination impossible, the State Party concerned may, in the cases of Articles 19 (Dumping), 20 (Emergency action on imports of particular products) and 22 (Re-export and serious shortage) and in cases of state aid having a direct and immediate incidence on trade between the States Parties, apply forthwith the precautionary and provisional measures strictly necessary to remedy the situation. The measures shall

be notified without delay and consultations between the States Parties to this Agreement shall take place as soon as possible within the Joint Committee.

Article 26

Security exceptions

Nothing in this Agreement shall prevent a State Party to this Agreement 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; or
 - (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 27

The Joint Committee

1. The implementation of this Agreement shall be supervised and administered by a Joint Committee which shall simultaneously act under the Declaration signed in Geneva in December 1991.
2. For the purpose of the proper implementation of this Agreement, the States Parties to this Agreement shall exchange information and, at the request of any State Party to this Agreement, shall hold consultations within the Joint Committee. The Joint Committee shall keep under review the possibility of further removal of the obstacles to trade between the EFTA States and Lithuania.
3. The Joint Committee may take decisions in the cases provided for in this Agreement. On other matters the Joint Committee may make recommendations.

Article 28

Procedures of the Joint Committee

1. For the proper implementation of this Agreement the Joint Committee shall meet whenever necessary but normally once a year. Each State Party to this Agreement may request that a meeting be held.
2. The Joint Committee shall act by common agreement.
3. If a representative in the Joint Committee of a State Party to this Agreement has accepted a decision, subject to the fulfilment of constitutional requirements, the

decision shall enter into force, if no later date is contained therein, on the date the lifting of the reservation is notified.

4. For the purpose of this Agreement the Joint Committee shall adopt its rules of procedure which shall, *inter alia*, contain provisions for convening meetings and for the designation of the Chairman and his/ her term of office.

5. The Joint Committee may decide to set up such sub- committees and working parties as it considers necessary to assist it in accomplishing its tasks.

Article 29

Evolutionary clause

1. The States Parties to this Agreement undertake to examine, in light of any relevant factor, the possibility of further developing and deepening the co- operation under this Agreement and to extend it to areas not covered therein. The States Parties to this Agreement may instruct the Joint Committee to examine this possibility and, where appropriate, to make recommendations to them, particularly with a view to opening up negotiations.

2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to ratification or approval by the States Parties to this Agreement in accordance with their own procedures.

Article 30

Services and Investment

1. The States Parties to this Agreement recognize the growing importance of certain areas, such as services and investments. In their efforts to gradually develop and broaden their co- operation, in particular in the context of European integration, they will co- operate with the aim of achieving a gradual liberalization and mutual opening of markets for investments and trade in services, taking into account the results of the Uruguay Round as well as any relevant work under the auspices of the WTO. They will endeavour to accord to each other's operators treatment no less favourable than that accorded to other foreign operators in their territories on condition that a balance of rights and obligations as well as a balance of operating conditions exist between the States Parties to this Agreement.

2. The EFTA States and Lithuania will discuss this co- operation in the Joint Committee with the aim of developing and deepening their relations under this Agreement.

Article 31

Fulfilment of obligations

1. The States Parties to this Agreement shall take all necessary measures to ensure the achievement of the objectives of this Agreement and the fulfilment of their obligations under this Agreement.

2. If an EFTA State considers that Lithuania has, or if Lithuania considers that an EFTA State has failed to fulfil an obligation under this Agreement, the State Party concerned may take the appropriate measures under the conditions and in accordance

with the procedures laid down in Article 25 (Procedures for the application of safeguard measures).

Article 32

Annexes and Protocols

The Annexes and the Protocols to this Agreement are an integral part of it. The Joint Committee may decide to amend the Annexes and Protocols.

Article 33

Trade relations governed by this Agreement

1. This Agreement applies to trade relations between, on the one side, the individual EFTA States and, on the other side, Lithuania, but not to the trade relations between individual EFTA States, except if otherwise provided for in this Agreement.
2. The Parties to the Free Trade Agreement between Norway and Lithuania and to the Free Trade Agreement between Switzerland and Lithuania agree that these agreements will be terminated at the entry into force of this Agreement.

Article 34

Territorial application

This Agreement shall apply to the territories of the States Parties to this Agreement.

Article 35

Customs unions, free trade areas and frontier trade

This Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade to the extent that these do not negatively affect the trade regime and, in particular, the provisions concerning rules of origin provided for by this Agreement.

Article 36

Amendments

Amendments to this Agreement other than those referred to in Article 32 (Annexes and Protocols) which are approved by the Joint Committee shall be submitted to the States Parties to this Agreement for acceptance and shall enter into force if accepted by all the States Parties to this Agreement. The instruments of acceptance shall be deposited with the Depositary.

Article 37

Accession

1. Any State, Member of the European Free Trade Association, may accede to this Agreement, provided that the Joint Committee decides to approve its accession, to be negotiated between the acceding State and the States Parties concerned, on such terms

and conditions as may be set out in that decision. The instrument of accession shall be deposited with the Depositary.

2. In relation to an acceding State, this Agreement shall enter into force on the first day of the third month following the deposit of its instrument of accession.

Article 38

Withdrawal and expiration

1. Each State Party to this Agreement may withdraw therefrom by means of a written notification to the Depositary. The withdrawal shall take effect six months after the date on which the notification is received by the Depositary.

2. If Lithuania withdraws, this Agreement shall expire at the end of the notice period, and if all EFTA States withdraw it shall expire at the end of the latest notice period.

3. Any EFTA Member 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 State Party to this Agreement.

Article 39

Entry into force

1. This Agreement shall enter into force on 1 June 1996 in relation to those Signatory States which by then have deposited their instruments of ratification or acceptance with the Depositary, provided that Lithuania is among the States that have deposited their instruments of ratification or acceptance.

2. In relation to a Signatory State depositing its instrument of ratification or acceptance after 1 June 1996, this Agreement shall enter into force on the first day of the second month following the deposit of its instrument, provided that in relation to Lithuania this Agreement enters into force at the latest on the same date.

3. Any Signatory State may already at the time of signature declare that, during an initial phase, it shall apply this Agreement provisionally, if this Agreement cannot enter into force in relation to that State by 1 June 1996. For an EFTA State provisional application is only possible provided that in relation to Lithuania this Agreement has entered into force, or that Lithuania is applying this Agreement provisionally.

Article 40

Depositary

The Government of Norway, acting as Depositary, shall notify all States that have signed or acceded to this Agreement of the deposit of any instrument of ratification, or provisional application, acceptance or accession, as well as of the entry into force of this Agreement, of its expiry or of any withdrawal therefrom.

IN WITNESS WHEREOF the undersigned plenipotentiaries, being duly authorized thereto, have signed the present Agreement.

DONE at Zermatt, this 7th day of December 1995, in authentic copies in the English and Lithuanian languages which shall be deposited with the Government of Norway. The Depositary shall transmit certified copies to all Signatory States, and States acceding to this Agreement.

For the Republic of Iceland
Lithuania

For the Republic of

For the Principality of Liechtenstein

For the Kingdom of Norway

For the Swiss Confederation