

FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND THE CZECH REPUBLIC

NOTE: A Protocol on the succession by the Czech Republic to the Agreement between the EFTA States and the CSFR was signed on 19 April 1993. Austria, Finland and Sweden withdrew from the Convention establishing the European Free Trade Association (the Stockholm Convention) on 31 December 1994. In accordance with paragraph 3 of Article 38 of the Free Trade Agreement between the EFTA States and the Czech Republic these three countries ceased to be Parties to the Agreement on the same day. Consequently, in the present text, the provisions referring to Austria, Finland and Sweden have been deleted.

III

PREAMBLE

The Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway, the Swiss Confederation (hereinafter called the EFTA States) and the Czech Republic, Recalling their intention to participate actively in the process of economic integration in Europe and expressing their preparedness to co-operate in seeking ways and means to strengthen this process,

Considering the importance of the links existing between the EFTA States and the Czech Republic and the common values they share, and recognizing that the EFTA States and the Czech Republic wish to strengthen these links and to establish close and lasting relations,

Having regard to the Declaration signed by the EFTA States and the CSFR in Gothenburg in June 1990,

Recalling their firm commitment to the Final Act of the Conference on Security and Co-operation 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 Co-operation in Europe,

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

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

Resolved to this end to eliminate progressively the obstacles to substantially all their trade, in accordance with the General Agreement on Tariffs and Trade,

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

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 the General Agreement on Tariffs and Trade,

Have decided, in pursuit of the above, to conclude this Agreement:

ARTICLE 1

Objectives

1. The EFTA States and the Czech Republic shall during a transitional period ending on 30 June 2002 gradually 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, are:
 - (a) to promote, through the expansion of reciprocal trade, the harmonious development of the economic relations between the EFTA States and the Czech Republic and thus to foster in the EFTA States and in the Czech Republic 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 the harmonious development and expansion of world trade.

ARTICLE 2

Scope

The 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 the Czech Republic.

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 to 9, 14 and 23 of the 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.

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 the Czech Republic.
2. Upon the date of entry into force of this Agreement, the EFTA States shall abolish all customs duties on imports and any charges having equivalent effect for products originating in the Czech Republic, except for products specified in Annex III 1 for which customs duties on imports and charges having equivalent effect shall be progressively abolished in accordance with the provisions laid down in that Annex.
3. For the products specified in Annex IV originating in an EFTA State, the Czech

Republic shall abolish all customs duties on imports and charges having equivalent effect in accordance with the provisions laid down in that Annex.

ARTICLE 5 Basic duties

For each product the basic duty to which the successive reductions set out in this Agreement are to be applied, shall in respect of the EFTA States be the Most Favoured Nation rate of duty applicable on 1 October 1991.

2. The basic duty in respect of the Czech Republic shall be the Most Favoured Nation rate of duty applicable on 1 January 1992.

3. If, after the entry into force of this Agreement, any tariff reduction is applied on an erga omnes basis, in particular reductions resulting from the tariff agreement concluded as a result of the Uruguay Round of Multilateral Trade Negotiations, such reduced duties shall replace the basic duties referred to in paragraph 1 as from that date.

4. The reduced duties calculated in accordance with Article 4 shall be applied rounded to the first decimal place or, in case of specific duties, to the second decimal place.

1 Annex III was deleted by Joint Committee Decision No. 10 of 1996 (29 November 1996).

ARTICLE 6 Customs duties of a fiscal nature

1. The provisions of paragraphs 1 to 3 of Article 4 shall also apply to customs duties of a fiscal nature, except as provided for in Protocol C.1

2. The States Parties to this Agreement may replace a customs duty of a fiscal nature or the fiscal element of a customs duty by an internal tax.

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 the Czech Republic.

2. The EFTA States and the Czech Republic shall abolish between them on the date of entry into force of this Agreement any customs duties on exports and any charges having equivalent effect, except as provided for in Annex V.2

ARTICLE 8 Quantitative restrictions on imports and measures having equivalent effect

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

2. Quantitative restrictions and measures having equivalent effect on imports to the EFTA States shall be abolished on the date of entry into force of this Agreement, except as provided for in Annex VI.3

3. Quantitative restrictions and measures having equivalent effect on imports into the Czech Republic shall be abolished on the date of entry into force of the Agreement, except as provided for in Annex VII.

- 1 Protocol C was deleted by Joint Committee Decision No. 3 of 1998 (10 June 1998).
- 2 Annex V was deleted by Joint Committee Decision No. 6 of 1996 (15 October 1996).
- 3 Annex VI was deleted by Joint Committee Decision No. 1 of 1998 (10 June 1998).

ARTICLE 9

Quantitative restrictions on exports and measures having equivalent effect

1. No new quantitative restriction on exports or measures having equivalent effect shall be introduced in trade between the EFTA States and the Czech Republic.
2. Quantitative restrictions on exports from the EFTA States and measures having equivalent effect shall be abolished on the date of entry into force of the Agreement except as provided for in Annex VIII.1
3. Quantitative restrictions on exports from the Czech Republic and measures having equivalent effect shall be abolished on the date of entry into force of the Agreement except as provided for in Annex IX.2

ARTICLE 10

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 11

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 the Czech Republic.
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 others.

1 Annex VIII was deleted by Joint Committee Decision No. 6 of 1998 (10 June 1998).

2 Annex IX was deleted by Joint Committee Decision No. 7 of 1998 (10 June 1998).

ARTICLE 12

Technical regulations

1. The States Parties to this Agreement shall co-operate in the field of technical regulations, standards and conformity assessment procedures; and through appropriate measures promote European-wide solutions. The Joint Committee shall establish guidelines for the implementation of this paragraph.
2. The States Parties to this Agreement agree 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, a technical obstacle to trade, in order to find an appropriate solution.
3. The States Parties to this Agreement confirm the obligation to notify draft technical regulations in accordance with the provisions of the WTO Agreement on Technical Barriers to Trade.

ARTICLE 13

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 the Czech Republic shall conclude a bilateral arrangement providing for measures to facilitate trade in agricultural products.
3. The States Parties to this Agreement shall apply their regulations in veterinary, plant health and health matters in a non-discriminatory fashion and shall not introduce any new measures that have the effect of unduly obstructing trade.

ARTICLE 14

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

1 Article 12 was amended and Annex X thereto deleted by Joint Committee Decision No. 8 of 1996 (15 October 1996).

ARTICLE 15

Payments

1. Payments relating to trade between an EFTA State and the Czech Republic 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.
2. The Parties shall refrain from any exchange or administrative restrictions on the grant, repayment or acceptance of short and medium-term credits covering commercial transactions in which a resident participates.

3. Until a full convertibility of the Czech Republic currency in the meaning of Article VIII of the International Monetary Fund is introduced, the Czech Republic reserves the right to apply exchange restrictions connected with the granting or taking up of short and medium-term credits to the extent permitted according to the Czech Republic's status under the IMF, provided that these restrictions are applied in a non-discriminatory manner. They shall be applied in such a manner as to cause the least possible disruption to this Agreement. The Czech Republic shall inform the Joint Committee promptly of the introduction of such measures and of any changes therein.

ARTICLE 16

Public procurement

1. The States Parties to this Agreement consider the effective liberalization of their respective public procurement markets as a desirable and important objective of this Agreement.
2. As of the entry into force of this Agreement, the EFTA States shall grant companies from the Czech Republic access to contract award procedures on their respective public procurement markets according to the Agreement on Government procurement of 12 April 1979, as amended by a Protocol of Amendments of 2 February 1987 negotiated under the auspices of the General Agreement on Tariffs and Trade. The Czech Republic shall, taking into account the restructuring and development process of its economy, gradually ensure that companies from the EFTA States have access on the same principles to contract award procedures on its public procurement market.
3. As soon as possible after the entry into force of the Agreement the States Parties to this Agreement shall progressively develop and adjust the rules, conditions and practices governing the participation in public procurement contracts awarded by public authorities and public undertakings, and by private undertakings which have been granted special or exclusive rights, so as to ensure free access and transparency, and that there is no discrimination X between potential suppliers from the States Parties to this Agreement. A full balance of rights and obligations between the States Parties to this Agreement shall be established not later than at the end of the transitional period.
4. The Joint Committee shall recommend or agree, as appropriate, the practical modalities for this development including, inter alia, scope, timetable and rules to be applied.
5. The States Parties to this Agreement concerned shall endeavour to accede to the relevant Agreements negotiated under the auspices of the General Agreement on Tariffs and Trade.

ARTICLE 17 1

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, in accordance with the provisions of this Article, Annex XI to this Agreement and the international agreements referred to therein.
2. The States Parties to this Agreement shall accord to each other's 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 of the TRIPS Agreement.

3. The States Parties to this Agreement 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 States Parties to this Agreement agree, upon request of any State Party, to review the provisions on the protection of intellectual property rights contained in the present Article and in Annex XI, 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.

1 Article 17 and Annex XI were amended by Joint Committee Decision No. 1 of 1997 (14 January 1997).

ARTICLE 18

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 the Czech Republic:

(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 States Parties to this Agreement as a whole or in a substantial part thereof.

2. As from the third year from the entry into force of this Agreement, the provisions of paragraph 1 shall also apply to the activities of public undertakings, and undertakings for which the Parties 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 and if such practice causes or threatens to cause serious prejudice to the interest of that State Party or material injury to its domestic industry, it may take appropriate measures after consultations within the Joint Committee or after thirty days following referral for such consultation.

ARTICLE 19

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 the Czech Republic, 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 XII.

3. For the purpose of applying the provisions of paragraphs 1 and 2, the States Parties to this Agreement recognize that during the first five years after the entry into force of this Agreement the Czech Republic shall be regarded as an area where the standard of

living is abnormally low or where there is serious unemployment, implying that the Czech Republic may grant aid with a higher intensity than would be tolerated for EFTA States according to the criteria set out in Annex XII. The Joint Committee may, taking into account the economic situation of the Czech Republic, decide on prolongation of the application of this provision.

4. The States Parties to this Agreement shall ensure transparency of state aid measures by exchanging information as provided in Annex XIII.1

5. 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 against this practice, which shall not be in excess of the injury caused by the practice, under the conditions and in accordance with the procedures laid down in Article 25.

ARTICLE 20

Dumping

If an EFTA State finds that dumping within the meaning of Article VI of the General Agreement on Tariffs and Trade is taking place in trade with the Czech Republic, or if the Czech Republic 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 and with the procedure laid down in Article 25.

ARTICLE 21

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 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.

ARTICLE 22

Structural adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 4 may be taken by the Czech Republic in the form of increased customs duties.

1 Detailed rules for the implementation of Article 19(4) were introduced by Joint Committee Decision No. 6 of 1994 (15 March 1994).

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. Customs duties on imports applicable in the Czech Republic to products originating in the EFTA States introduced by these measures may not exceed 25% ad valorem 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 during the last year for which statistics are available.

4. These measures shall be applied for a period not exceeding five years unless a longer duration is authorized by the Joint Committee. They shall cease to apply at the latest at the expiration of the transitional period.

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 an equivalent effect concerning that product.

6. The Czech Republic 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 the Czech Republic 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 starting at the latest two years after their introduction, at equal annual rates. The Joint Committee may decide on a different schedule.

ARTICLE 23

Re-export and serious shortage

Where compliance with the provisions of Articles 7 and 9 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.

ARTICLE 24

Balance of payments difficulties

1. Where an EFTA State or the Czech Republic is in serious balance of payments difficulties, or under imminent threat thereof, the EFTA State or the Czech Republic, as the case may be, may, in accordance with the conditions established under the General Agreement on Tariffs and Trade, adopt trade restrictive measures, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The measures shall be progressively relaxed as balance of payments conditions improve and they shall be eliminated when conditions no longer justify this maintenance. The EFTA State or the Czech Republic, as the case may be, shall inform the other States Parties to this Agreement and the Joint Committee forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

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

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 shall take place without delay in the Joint Committee with a view to finding a commonly acceptable solution.
3. (a) As regards Article 19 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 20, 21 and 23, 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, 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 as will least disturb the functioning of the Agreement. The measures taken by the Czech Republic 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 the Czech Republic 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 and substitution, as soon as possible, 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 20, 21 and 23 apply forthwith the precautionary and provisional measures strictly necessary to deal with 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. The work of the Joint Committee shall be co-ordinated with the Joint Committee established under the Gothenburg Declaration.
2. For the purpose of the proper implementation of the 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 the Czech Republic.
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 at least 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 day 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 term of office.¹
 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.²
- ¹ Rules of procedure were adopted by Joint Committee Decision No. 1 of 1993 (23 and 24 April 1993).
- ² A Sub-Committee on Customs and Origin Matters was established by Joint Committee Decision No. 2 of 1993 (23 and 24 April 1993).

ARTICLE 29

Evolutionary clause

1. Where a State Party to this Agreement considers that it would be useful in the interests of the economies of the States Parties to this Agreement to develop and deepen the relations established by the Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the States Parties to this Agreement. The States Parties to this Agreement may instruct the Joint Committee to examine this request and, where appropriate, to make recommendations to them, particularly with a view to opening 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 relevant GATT work.
2. The EFTA States and the Czech Republic will discuss in the Joint Committee this co-operation with the aim to develop and deepen their relations under the 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 the Agreement and the fulfilment of their obligations under the Agreement.
2. If an EFTA State considers that the Czech Republic has, or if the Czech Republic 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 procedure laid down in Article 25.

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 A and B.

ARTICLE 33

Trade relations governed by other Agreements

1. This Agreement applies to trade relations between, on the one side, the individual EFTA States and, on the other side, the Czech Republic, but not to the trade relations between individual EFTA States, except if otherwise provided for in this Agreement.

2. 1

ARTICLE 34

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 35

Territorial application

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

ARTICLE 36

Amendments

Amendments to this Agreement other than those referred to in paragraph 3 of Article 27 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 Depository.

1 Article 33(2) and Annex XIV thereto were deleted as Finland ceased to be a Party to this Agreement.

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 Depository.

2. In relation to an acceding State, the 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 Depository. The withdrawal shall take effect six months after the date on which the notification is received by the Depository.

2. If the Czech Republic withdraws, the 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 July 1992, provided that all Signatory States have deposited their instruments of ratification or acceptance with the Depositary.

2. If this Agreement has not entered into force in accordance with the provision of paragraph 1 and provided that the Czech Republic has deposited its instrument of ratification or acceptance, representatives of the Signatory States having deposited such an instrument shall meet on the initiative of the Czech Republic before 31 August 1992 and may decide when the Agreement shall enter into force in relation to those States. As long as no such decision has been taken, a meeting for the same purpose shall be held on the initiative of the Czech Republic not later than thirty days after any further Signatory State has deposited its instrument.

3. In relation to a Signatory State depositing its instrument of ratification or acceptance after the meeting referred to in paragraph 2, this Agreement shall enter into force on the first day of the second month following the deposit of its instrument, but not before the date decided upon in accordance with paragraph 2.

4. Any Signatory State may already at the time of signature declare that, during an initial phase, it shall apply the Agreement provisionally, if the Agreement cannot enter into force in relation to that State by 1 July 1992.

ARTICLE 40 1

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, acceptance or accession, the entry into force of this Agreement, any other act or notification relating to this Agreement or of its expiry.

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

DONE at Prague, this 20th day of March 1992, in a single authentic copy in the English language which shall be deposited with the Government of Sweden. The Depositary shall transmit certified copies to all Signatory States, and States acceding to this Agreement.

1 As amended by Joint Committee Decision No. 9 of 1996 (15 October 1996).