

Agreement between the Government of the Republic of Estonia and the Government of Denmark and the Home Government of the Faroe Islands

The Government of the Republic of Estonia, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part,

Hereinafter referred to as the Contracting Parties,

Recalling the status of the Faroe Islands as a self-governing part of Denmark;

Considering the vital importance of fisheries for the Faroe Islands, which constitute their essential economic activity, fish and fishery products being their main export articles;

Considering the vital importance of fisheries for Estonia;

Desiring to consolidate and to extend the economic relations existing between Estonia and the Faroe Islands and to ensure, with due regard for fair conditions of competition, the harmonious development of their mutual trade in the context of European co-operation;

Resolved to this end to eliminate progressively the obstacles to substantially all their trade, in accordance with the provisions of the General Agreement on Tariffs and Trade concerning the establishment of free-trade areas;

Declaring their readiness to examine, in the light of any relevant factor, and in particular of developments in European co-operation, the possibility of developing and deepening their relations in order to extend them to fields not covered by this Agreement;

Have decided, in pursuit of these objectives and considering that no provisions of this Agreement may be interpreted as exempting the Contracting Parties from their obligations under other international agreements,

To conclude this Agreement:

Article 1
Objectives

1. The Contracting Parties shall establish a free-trade area, comprising the Republic of Estonia and the Home Government of the Faroe Islands, in accordance with the provisions of the present Agreement.

2. The objectives of this Agreement are:

(a) to promote, through the expansion of reciprocal trade, the harmonious development of the economic relations between the Contracting Parties and thus to foster 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 Contracting Parties;

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

CHAPTER I

Article 2

Scope

This Agreement shall apply:

(a) to products falling within Chapters 01 to 97 of the Harmonized Commodity Description and Coding System originating in Estonia or the Faroe Islands.

Article 3

Customs Duties on Imports and Exports and Charges Having Equivalent Effect

1. No new customs duties on imports and exports or charges having equivalent effect shall be introduced in trade between the Contracting Parties.

2. The Contracting Parties shall abolish between them on the date of entry into force of this Agreement all customs duties on imports and exports and all charges having equivalent effect. The paragraphs 1 and 2 of this article should be applied according to Protocol 1 of this Agreement.

Article 4

Fiscal duties

The provisions of Article 3 shall also apply to customs duties of a fiscal nature.

Article 5

Quantitative Restrictions on Imports and Exports and Measures having Equivalent Effect

1. No new quantitative restrictions on imports and exports or measures having equivalent effect shall be introduced in trade between the Contracting Parties.

2. All quantitative restrictions on imports and exports and measures having equivalent effect shall be abolished on the date of entry into force of this Agreement.

Article 6

Concessions and Agricultural Policies

1. The provisions of this Chapter shall not restrict in any way the pursuance of the respective agricultural policies of the Contracting Parties or the taking of any measures under such policies, including the implementation of the respective provisions of the Agreement on Agriculture within the framework of the World Trade Organization.

2. The Contracting Parties shall notify each other of changes in their respective agricultural policies pursued or measures applied which may affect the conditions of agricultural trade between them as provided for in this Agreement. Prompt consultations shall be held in the Joint Committee, upon request of any Contracting Party, to examine the situation.

Article 7 Special safeguards

Notwithstanding other provisions of this Agreement and, in particular, Article 24, if, given the particular sensitivity of the agricultural markets, imports of products originating in a Contracting Party, which are subject to concessions granted under this Agreement, cause serious disturbance to the markets of the other Contracting Party, the Contracting Party concerned shall enter into consultations immediately to find the appropriate solution. Pending such solution, the Contracting Party concerned may take the measures it deems necessary.

Article 8 Veterinary, Health and Phytosanitary Measures

The Contracting Parties shall apply their regulations in veterinary, health and plant health matters in a non-discriminatory fashion and shall not introduce any new measures that have the effect of unduly obstructing trade.

CHAPTER II General Provisions

Article 9 Rules of Origin and Administrative Co-operation

1. Protocol 2 to this Agreement lays down the rules of origin and related methods of administrative co-operation.

2. The Contracting Parties shall take appropriate measures, including regular reviews by the Joint Committee and arrangements for administrative co-operation.

Article 10 Internal Taxation

1. The Contracting Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products originating in the Contracting Parties.

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

Article 11 Payments

Payments relating to trade and the transfer of such payments to the territory of the Contracting Party, depending on where the creditor resides, shall be free from any restrictions.

Article 12 General Exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on the grounds of public morality, public policy or public security; the protection of human, animal or plant life or health; the protection of national treasures possessing artistic, historic or archaeological value; the protection of intellectual property or rules relating to gold or silver or to 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 Contracting Parties.

Article 13 Security Exceptions

1. Nothing in this Agreement shall prevent a Contracting Party from taking any measure, 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 14
Public Monopolies

1. The Contracting Parties shall adjust progressively any State monopoly of commercial character so as to ensure that no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Contracting Parties.
2. The provisions of this Article shall apply to any body through which the competent authorities of the Contracting Parties, in law or in fact, either directly or indirectly, supervise, determine or appreciably influence imports or exports between the Contracting Parties. These provisions shall likewise apply to monopolies delegated by a Contracting Party to other bodies.

Article 15
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 the Contracting Parties:
 - (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 Contracting Parties as a whole or in substantial part thereof.
2. The provisions of paragraph 1 shall apply to the activities of all undertakings including public undertakings and undertakings to which the Contracting Parties grant special or exclusive rights. Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly, shall be subject to provisions of paragraph 1 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 Contracting Party considers that a given practice is incompatible with paragraphs 1 and 2 and if such practice causes or threatens to cause serious prejudice to the interest of that Contracting Party or material injury to its domestic industry, it may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 24.

Article 16
Protection of Intellectual Property

1. Each Contracting Party shall recognize the copyright and neighbouring rights to works to which citizens and institutions of the other Contracting Party, as well as their legal successors, are entitled, independently of the place of their first publication. Each

Contracting Party shall ensure the protection of such rights on the same conditions as those created by its internal legislation with respect to its own citizens and institutions. Furthermore, the Contracting Parties undertake to respect mutually the copyright and neighbouring rights of their citizens and institutions in accordance with the standards binding in the European Union. In particular, the Contracting Parties undertake to respect mutually the standards of protection provided for in the Bern and Rome Conventions.

2. The Contracting Parties shall grant and ensure the protection of intellectual property rights on a non-discriminatory basis, including measures for granting and enforcing such rights. The Contracting Parties confirm their will to respect obligations and requirements arising from the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), as well as other agreements, which are signed by both Contracting Parties, in particular the Paris Convention for the protection of industrial property (Stockholm Act, 1967).

3. For the purposes of this Agreement "intellectual property protection" includes, in particular, protection of copyright, comprising computer programs and databases, and neighbouring rights, trade marks, geographical indications, industrial designs, patents, topographies of integrated circuits, as well as undisclosed information on know-how.

4. The Contracting Parties may conclude further agreements exceeding the requirements of this Agreement.

5. The Contracting Parties shall co-operate in matters of industrial property protection. They shall hold, upon request of any Contracting Party, expert consultations on these matters, in particular, on activities relating to the existing or to future international conventions on harmonization, administration and enforcement of intellectual property and on activities in international organizations, such as the World Trade Organization and the World Intellectual Property Organization, as well as relations of the Contracting Parties with any third country on matters concerning intellectual property.

Article 17

Public Procurement

1. The Contracting Parties consider the liberalization of their respective public procurement markets as an objective of this Agreement.

2. The Contracting Parties shall progressively develop their respective regulations for public procurement with a view to grant suppliers of the other Contracting Party, access to contract award procedures on their respective public procurement markets according to the provisions of the Agreement on Government Procurement in Annex IV to the Agreement Establishing the World Trade Organization.

3. The Joint Committee shall examine developments related to the achievement of the objectives of this Article and may recommend practical modalities of implementing the provisions of paragraph 2 so as to ensure free access, transparency and full balance of rights and obligations.

4. During the examination referred to in paragraph 3, the Joint Committee may consider, especially in the light of international developments and regulations in this area, the possibility of extending the coverage and/or the degree of the market opening provided for in paragraph 2.

5. The Contracting Parties shall endeavour to accede to the relevant Agreements negotiated under the auspices of the General Agreement on Tariffs and Trade 1994 and the Agreement establishing the World Trade Organization.

Article 18 Dumping

If one of the Contracting Parties finds that dumping is taking place in trade with the other Contracting Party, it may take appropriate measures against this practice in accordance with the Agreement on Implementation of Article VI of the GATT 1994, under the conditions and in accordance with the procedure laid down in Article 24.

Article 19 General Safeguards

1. 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 Contracting Party, 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 Contracting Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 24.

Article 20 Re-export and Serious Shortage

1. Where compliance with the provisions of Articles 3 and 5 leads to:

(a) re-export towards a third country against which the exporting Contracting 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 Contracting Party;

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting Contracting Party, that Contracting Party may take

appropriate measures under the conditions and in accordance with the procedure laid down in Article 24.

Article 21

Balance of Payments Difficulties

1. The Contracting Parties shall endeavor to avoid the imposition of restrictive measures including measures relating to imports for balance of payments purposes.
2. Where one of the Contracting Parties is in serious balance of payments difficulties, or under imminent threat thereof, the Contracting Party concerned may, in accordance with the relevant provisions of the General Agreement on Tariffs and Trade 1994 adopt restrictive measures, including measures related to imports, 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 their maintenance. The Contracting Party concerned shall inform the other Contracting Party forthwith of their introduction and, whenever practicable, of a schedule for their removal.

Article 22

State Aid

1. Any aid granted by a State being a Contracting Party or through state resources in any form whatever, 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 the Contracting Parties, be incompatible with the proper functioning of this Agreement.
2. The Joint Committee shall, within three years from entry into force of this Agreement adopt the criteria on the basis of which the practices contrary to paragraph 1 shall be assessed, as well as the rules for their implementation.
3. The Contracting Parties shall ensure transparency in the area of state aid, inter alia, by reporting annually to each other on the total amount and the distribution of the aid given and by providing to the other Contracting Party, upon request, information on aid schemes and on particular individual cases of state aid.
4. If a Contracting Party considers that a particular practice:
 - is incompatible with the terms of paragraph 1, and is not adequately dealt with under the implementing rules referred to in paragraph 3, or
 - in the absence of such rules, and if such practice causes or threatens to cause serious prejudice to the interest of that Contracting Party or material injury to its domestic industry,

it may take appropriate measures under the conditions of and in accordance with the provisions of Article 24. Such appropriate measures may only be taken in conformity with the procedures and under the conditions of the World Trade Organization and any other relevant instrument negotiated under its auspices which are applicable between the Contracting Parties.

Article 23

Fulfillment of Obligations

1. The Contracting Parties shall take any general or specific measures required to fulfill their obligations under this Agreement. They shall see to it that the objectives set out in this Agreement are attained.
2. If a Contracting Party considers that the other Contracting Party has failed to fulfill an obligation under this Agreement, the Contracting Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 24.

Article 24

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 this Article, the Contracting Parties shall endeavour to solve any differences between them through direct consultations.
2. Without prejudice to paragraph 6 of this Article, the Contracting Party which considers resorting to safeguard measures shall promptly notify the other Contracting Party thereof and supply all relevant information. Consultations between the Parties shall take place without delay in the Joint Committee with a view of finding a mutually acceptable solution.
3. For the application of paragraph 2 the following provisions apply:
 - (a) With regard to Articles 17 and 22, 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 Contracting Party concerned. In the case of the absence of such decision within thirty days of the matter being referred to the Joint Committee the Contracting Party concerned may adopt the appropriate measures to deal with the difficulties resulting from practice in question.
 - (b) With regard to Article 23, the Contracting Party concerned may take appropriate measures after the consultations have been concluded or a period of three months has elapsed from the date of the first notification to the other Contracting Party.
 - (c) With regard to Articles 18 and 21, the Contracting Party concerned shall give the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the Contracting 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 within thirty days of the matter being referred to it, the Contracting Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.

4. The safeguard measures taken shall be immediately notified to the other Contracting Party. 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 which will least disturb the functioning of this Agreement.

5. The safeguard measures taken shall be the subject of periodic consultations within the Joint Committee with a view to their relaxation as soon as possible.

6. Where exceptional circumstances requiring immediate action make prior examination impossible, the Contracting Party concerned may, in the cases of Articles 15, 18, 20 and 22, apply forthwith the provisional measures strictly necessary to remedy the situation. The measures shall be notified without delay and consultations between the Contracting Parties shall take place as soon as possible.

Article 25

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 regimes provided for by this Agreement, in particular the provisions concerning rules of origin.

CHAPTER III

Institutional and Final Provisions

Article 26

The Joint Committee

1. The Joint Committee is hereby established and shall consist of representatives appointed by the Contracting Parties.

2. The implementation of this Agreement shall be supervised and administered by the Joint Committee.

Article 27

Procedures of the Joint Committee

1. For the purpose of proper implementation of this Agreement, the Contracting Parties shall, whenever necessary, exchange information and, at the request of either Contracting Party, hold consultations.

2. For the implementation of this Agreement, the following shall apply:

(a) The exchange of information and the consultations referred to in paragraph 1, and especially the consultations and decisions referred to in Article 24, shall, when appropriate, take place in the Joint Committee.

(b) The Joint Committee may take decisions in cases provided for in this Agreement. On other matters the Joint Committee may make recommendations.

(c) For the purpose of the proper implementation of this Agreement the Joint Committee shall meet whenever necessary. Each Contracting Party may request that a meeting be held.

(d) The Joint Committee shall act by common agreement.

(e) The Joint Committee shall lay down its own rules of procedure.

(f) 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.

(g) The Joint Committee may decide to amend the Protocols to this Agreement.

Article 28

Evolutionary Clause

1. Where a Contracting Party considers that it would be useful in the interest of the Contracting Parties to develop the relations established by this Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the other Contracting Party.

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

Article 29

Annexes and Protocols

Annexes and Protocols to this Agreement are an integral part of it.

Article 30

Entry into Force

This Agreement shall enter into force on the first day of the month following the date of receipt of the latter diplomatic note confirming that their respective internal legal requirements for the entry into force of this Agreement have been fulfilled.

Article 31

Validity and Termination

Either Contracting Party may terminate this Agreement by a written notification to the other Contracting Party. The Agreement shall cease to be in force twelve months after the date of which such notification was received by the other Contracting Party.

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

Done at Torshavn, this & day of November 1997, in three originals, each in the English language.

For the Government of Denmark and the Home Government of the Faroe Islands

For the Government of the Republic of Estonia