

FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND MACEDONIA

SUMMARY

The Free Trade Agreement between the EFTA States and Macedonia was signed in Zurich, Switzerland on 19 June 2000. The Agreement covers trade in industrial products as well as fish and marine products. The transitional period ends ten years after the entry into force of the Agreement. In addition, bilateral agricultural agreements between the individual EFTA countries and Macedonia have been concluded which form part of the instruments creating the free trade area.

Among the objectives of the Agreement ([link: Objectives, Article 1](#)) are to promote, through the expansion of reciprocal trade, the harmonious development of economic relations between the Parties. After nine years from entry into force of the Agreement virtually all customs duties on trade in industrial goods and fish and other marine products will be eliminated. The Agreement includes provisions relating to the elimination of customs duties and other trade barriers as well as other trade-related disciplines such as rules of competition, protection of intellectual property, public procurement, state monopolies, state aid, and payments and transfers. Under the Agreement a Joint Committee is established which supervises the Agreement.

NAVIGATING THE AGREEMENT

The Agreement consists of a total of 41 Articles, six Annexes (I to VI), four Protocols (A to D), and a Record of Understanding ([link: table of contents](#)).

- **General provisions**
- **Trade in Goods**
- **Public Procurement**
- **Intellectual Property**
- **Competition**
- **State Aid**
- **Dispute settlement**
- **Institutional Provisions**

TRADE IN GOODS

Macedonia is an promising trading partner for the EFTA States in Eastern Europe and an important market for its exports, with significant growth potential.

Bilateral trade in goods in 2001 amounted to 28,870 million USD (EFTA exports amounting to 18,065 million USD, whereas Macedonia's exports to the EFTA States represented 10.805 US\$ million USD (link: [EFTA trade statistics/Macedonia](#)).

Rules of Origin

The rules of origin for industrial goods (link: [Protocol B](#)) concerning the definition of the concept of originating products and the methods for administrative co-operation, are based on the current pan-European model, maintaining the general structure and the substance of the European standard rules. The specific list rules (link: [Annex II to Protocol B](#)) are also based on the current pan-European model.

Industrial Goods

The Agreement provides for effective market access for industrial goods in terms of tariffs and rules of origin, creating EFTA and EU parity for EFTA exports to Macedonia. Nine years after entry into force of the Agreement all industrial goods originating in the EFTA States will enjoy duty free access into Macedonia (link: [Article 4 and Annex III](#)).

Fish and marine products

The Agreement covers trade in all fish and other marine products (link: [Article 2 and Annex II](#)). The EFTA States grant duty free access on imports of all Macedonian fish products. No later than seven years after the entry into force of the Agreement the remaining Macedonian tariffs on certain fish products will be brought down to zero.

Agricultural products

Trade in agricultural products is covered in three bilateral agricultural agreements negotiated between the respective EFTA State (Iceland (link: [Agricultural Agreement between Iceland and Macedonia](#)), Norway (link: [Agricultural Agreement between Norway and Macedonia](#)) and Switzerland/Liechtenstein (link: [Agricultural Agreement between Switzerland and Macedonia](#)) and Macedonia.

They provide for substantial concessions on both sides, while taking into account the respective sensitivities. Each agreement contains specific rules of origin, generally based on the “wholly-obtained” criteria.

PUBLIC PROCUREMENT

The Article on public procurement (link: [Article 15](#)) contains a review clause with a view to further liberalization of the public procurement markets in the Partner countries.

INTELLECTUAL PROPERTY

The provisions on protection of intellectual property rights (link: Article 16 and Annex V) covers, inter alia, patents, trademarks and copyright and geographical indications.

The level of protection in certain areas goes beyond what is stipulated under the WTO Agreement on Trade Related aspects of Intellectual Property, taking into account the principles of most favoured nation treatment and of national treatment.

COMPETITION

Regarding competition (link: Article 17), the agreement includes provisions on co-operation and exchange of information with the aim of ensuring and facilitating the enforcement of the Parties' respective competition laws.

SUBSIDIES

The Agreement contains comprehensive and specific rules governing the granting of subsidies by public authorities of the partner countries (link: Article 18). The objective of these provisions is to ensure that aid granted by the authorities to private entities do not distort, or threaten to distort, competition among undertakings in the applicable territories of the agreement. The rights and obligations of the Parties relating to state aid and countervailing measures shall, as a general rule, be governed by Article XVI of the GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures. The Parties shall ensure transparency of state aid measures by exchanging their annual notifications to the WTO.

INSTITUTIONAL ISSUES: JOINT COMMITTEE AND DISPUTE SETTLEMENT

A Joint Committee comprising the EFTA States and Macedonia supervises the implementation of the free trade agreement (link: Articles 29 and 30).

Consultations are the fundamental mechanism of dispute settlement between the FTA partners. The agreement implies that the Parties are to endeavour to solve any differences between them on the interpretation and application of the agreement by direct consultations, and, if need be, through consultations in the Joint Committee. For cases where the consultations do not led to a satisfactory solution, the Parties may revert to arbitration (link: Article 31). Annex VI (link: Annex VI) governs the constitution and functioning of the tribunal.