



22 June 2009

Ms Sylvia Brustad  
Minister of Trade and Industry  
[Chair of the EFTA Council at Ministerial Level]  
Ministry of Trade and Industry  
Oslo, Norway

Excellency,

With reference to the Free Trade Agreement (including Annexes, the “**Agreement**”) between the Co-operation Council for the Arab States of the Gulf (“**GCC**”) and the EFTA States (“**EFTA States**”), the United Arab Emirates (“**UAE**”) confirms its understanding as follows:

The UAE is an independent, sovereign, federal State, with seven sovereign Member Emirates (“**Member Emirates**”), and pursuant to its Constitution each Member Emirate retains full sovereignty, sovereign rights and exclusive jurisdiction over its natural resources and wealth of which the Energy Resources Sector is the subject matter of this letter. For purposes of this letter, “**Energy Resources Sector**” shall mean all hydrocarbons such as oil, gas, and condensates, derivatives and primary by-products thereof with respect to ownership, management, exploration, development and production, exploitation (including reservoir management), transportation, storage, refining and processing, and distribution up to and including retail distribution.

In recognition of the foregoing, the Agreement shall not grant any rights to the EFTA States or create any obligations for the UAE or any of its Member Emirates with regard to the Energy Resources Sector. Accordingly, the Energy Resources Sector shall be excluded from all aspects and provisions of the Agreement, including dispute settlement obligations and related procedures. All matters pertaining to the Energy Resources Sector of any of the Member Emirates are within the exclusive jurisdiction of the Member Emirates, and all determinations and decisions of each Member Emirate made by such Member Emirate’s competent authorities pertaining to the Energy Resources Sector (“**Competent Authorities**”) that is the subject of its jurisdiction shall be final, binding and not subject to review or challenge.

Subsequent to the date of the Agreement and in the event that the UAE with concurrence of the Member Emirates’ Competent Authorities grants any rights excluded by this letter to a third country with respect to the Energy Resources Sector by a Free Trade Agreement, such rights shall be granted to the EFTA States.

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Notwithstanding the above, in the event of a difference in the interpretation or application of the agreed scope of this letter, the UAE and the EFTA States commit to have recourse to consultation and mediation. Mediation shall take place at the request of either of the Parties to this letter. The provisions on Consultation and Mediation set out in Chapter 8 of the Agreement (Settlement of Disputes), Articles 8.3 (Consultations) and 8.2 (Good Offices, Conciliation or Mediation), shall apply *mutatis mutandis* (with all reference to the "Parties" in such Articles deemed to mean only the UAE and the EFTA States), with the exclusion of all provisions related to Arbitration. In the event that the UAE and the EFTA States have failed to achieve a mutually agreed solution 60 days following recourse to mediation, or if the UAE fails to comply with the mutually agreed solution within the agreed timeframe, the EFTA States' only recourse shall be that it may suspend benefits under the Agreement proportionate to the trade effects which the measure in question causes or threatens to cause. Moreover, the EFTA States shall repeal their compensatory measures to the extent that the UAE's measure in question ceases to apply. The procedure described above in this paragraph shall also apply in case of any dispute relating to whether the EFTA States compensatory measures are proportionate, with the UAE likewise ultimately having the right to suspend benefits proportionately.

The UAE and the EFTA States further agree that this letter shall constitute an integral part of the Agreement and that, in the unlikely event of any inconsistency between this letter and any provisions of the Agreement, this letter shall prevail to the extent of that inconsistency. For avoidance of doubt, nothing in this letter shall detract from UAE's commitments under the Agreement regarding activities assigned to the UAE Federal Government by the UAE Constitution.

I would be grateful for your confirmation that the EFTA States agree with this understanding.

Sincerely yours,

Lubna Bint Khalid Al Qasimi  
Minister of Foreign Trade