

RECORD OF UNDERSTANDING
TO THE FREE TRADE AGREEMENT BETWEEN
CANADA
AND
THE STATES OF THE
EUROPEAN FREE TRADE ASSOCIATION
(ICELAND, LIECHTENSTEIN, NORWAY AND
SWITZERLAND)

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General

It is the understanding of the Parties that where the *Free Trade Agreement between Canada and the States of the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland)*, hereinafter referred to as the “Free Trade Agreement”, requires that a Party notify the Joint Committee, such obligation is met through a Party’s notifications to all other Parties.

Related to Article 10 - Customs duties

It is the understanding of the Parties that paragraph 3 of Article 10 applies only to the originating products of the Parties covered by paragraph 1.

Related to Article 13 - Temporary entry

1. It is the understanding of the Parties that sub-paragraph 1(b) of Article 13 applies to after-sale and after-lease services provided by persons repairing and servicing, supervising installers, and setting up and testing commercial or industrial equipment, including computer software. Setting up does not include hands-on installation generally performed by persons in the construction or building trade, such as electricians and pipefitters. After-sale or after-lease services also include the provision of familiarization or training sessions to potential users.

2. Furthermore, it is the understanding of the Parties that the service contracts referred to in sub-paragraph 1(b) of Article 13 must have been negotiated as part of the original sale or lease agreements or by an extension of the original agreement and that service contracts negotiated with third parties, after the signing of the sale or lease agreement are not covered by sub-paragraph 1(b). If, however, the original sale or lease agreement indicates that a third company has been or will be contracted to service the equipment, sub-paragraph 1(b) applies.

Related to Article 17 - Subsidies

It is the understanding of the Parties that any dispute settlement proceedings under Chapter VIII of the Free Trade Agreement in respect of paragraph 3 of Article 17 will not in any way interrupt or affect adversely the domestic proceedings referred to in paragraph 3.

Related to Article 23 and Annex J - Cultural industries

It is the understanding of the Parties that Article 23 and Annex J are without prejudice to co-production agreements on cinematographic and audiovisual relationships to which Canada and one or more EFTA States are parties.

Related to Article 26 - The Joint Committee

It is the understanding of the Parties:

- (a) that any issue arising under any of the bilateral Agreements on Agriculture that has a bearing on the operation of the free trade area between Canada and the EFTA States may be discussed in the Joint Committee or in any relevant sub-committee or working group established by the Joint Committee; and
- (b) that any issue arising from the application of provisions of the Free Trade Agreement that have been incorporated into and made part of the bilateral Agreements on Agriculture may, by either Party to such bilateral Agreement, be referred to the Joint Committee or to any relevant sub-committee or working group established by the Joint Committee.

Related to Article 6 of Annex C - Insufficient production

It is the understanding of the Parties that when, in the opinion of a Party, a product that has fulfilled the appropriate rule of origin of Appendix I has achieved originating status as a result of an operation which that Party would characterise as “simple mixing” or “simple assembly” or other simple operations, the matter will be discussed as soon as possible, upon request of that Party, for the purpose of considering possible amendments to that Article.

Related to Article 17 of Annex C - Approved exporter

It is understood that Article 17 of Annex C does not oblige any of the Parties to establish an approved exporter programme. It is further understood that the customs administrations of the EFTA States will continue to apply such a programme, if established, in line with the European standards as provided for within the framework of Annex A to the *Convention Establishing the European Free Trade Association*.

Related to Article 24 of Annex C - Origin verification

1. It is understood that the customs administration of the Party of export will, in conducting an origin verification at the request of the customs administration of the Party of import, assume all expenses associated with conducting the origin verification within its territory, except for travel and incidental expenses incurred by the customs administration of the Party of import.

2. It is further understood that the customs administrations of the Parties will discuss the overall operation and administration of the verification process, including forecasting of workload and discussing priorities. Where there is an unusual increase in the number of verification requests, the customs administrations of the Parties concerned will consult to establish priorities and consider steps to manage the workload, with consideration of operational requirements.

Signed in duplicate at Davos, this 26th day of January 2008, in the English and French languages, each version being equally valid. One original will be deposited by the EFTA States with the Depositary of the Free Trade Agreement.

For Canada

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For the Republic of Iceland

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For the Principality of Liechtenstein

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For the Kingdom of Norway

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For the Swiss Confederation

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