

**RECORD OF UNDERSTANDING RELATING TO THE
INTERIM AGREEMENT BETWEEN THE EFTA STATES
AND THE PLO FOR THE BENEFIT OF THE PALESTINIAN
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Parallelism

1. The EFTA States and the Palestinian Authority agree that the Palestinian Authority in fulfilment of its commitments to the European Community under the Interim Association Agreement and a future Association Agreement, will not discriminate against the EFTA States.

Processed agricultural products

2. It is the understanding of the EFTA States and the Palestinian Authority that the fixed duties referred to in Article 4 of Protocol A to the Agreement shall not be higher than those applied on imports by Israel of products originating in an EFTA State listed in Table V to Protocol A.

Fish and other marine products

3. The EFTA States and the Palestinian Authority consider the full liberalisation of trade in fish and other marine products as an integral objective of the Agreement. The Palestinian Authority shall fully liberalise imports of such products originating in an EFTA State as soon as conditions permit.
4. The Parties note the Paris Protocol between the Palestinian Authority and Israel, which restrains the competencies of the Palestinian Authority in the field of trade in fish and other marine products. It is the understanding of the Parties that changes under the Free Trade Agreement between the EFTA States and Israel in the field of fish and other marine products will apply in trade relations between the EFTA States and the West Bank and the Gaza Strip until the Palestinian Authority has gained full competencies in this area.
5. With reference to Article 3 of Annex II, it is understood that the reference to “as soon as conditions permit” means when the Palestinian Authority has gained full competencies in the field of fish and other marine products.

Protocol B

6. The EFTA States and the Palestinian Authority acknowledge the importance of regional co-operation in the Mediterranean area. The aim of such co-operation is to provide opportunities for further development of free trade relations between the Parties, as well as within the region, as a contribution to the establishment of a Euro-Mediterranean free trade zone.

7. Consequently, the EFTA States and the Palestinian Authority declare their intention to enter into a dialogue with the countries involved as soon as possible with the aim of introducing the necessary provisions into the Agreement establishing diagonal cumulation with products originating in Egypt, Israel and Jordan, respectively, on a reciprocal basis.

8. The EFTA States and Palestinian Authority agree to search for further extension and improvement of the rules of origin, in particular the inclusion of the Parties to a future Euro-Mediterranean cumulation network, in order to expand and promote production and trade in Europe and the Mediterranean Region.

9. With reference to paragraph 6 of Article 15 of Protocol B, the EFTA States and the Palestinian Authority agree that on the request of a Party to the Agreement, consultations should be held regarding any negative effect resulting from this derogation with the aim of reaching a satisfactory solution. The EFTA States and the Palestinian Authority also agree that any review taken by the Joint Committee shall reflect the practice applied between the Palestinian Authority and the European Community.

Protection of intellectual property

10. Technical assistance will be provided by the EFTA States in order to support the efforts of the Palestinian Authority to facilitate the implementation of its commitments regarding intellectual property protection.

Structural adjustment

11. It is understood that the level of duties or structural adjustment charges applied on products originating in an EFTA States will not be higher than those applied on like products originating in the European Community.

12. With reference to paragraph 3 of Article 20, if there is a disagreement with regard to the actual value of imports of industrial products, international trade statistics such as those of UN/ECE, WTO and OECD will be used, when available.

Technical assistance

13. It is understood that the EFTA States will provide technical assistance to the Palestinian Authority in trade policy matters related to the implementation of the Agreement. Such assistance will take the form of EFTA trade policy seminar and seminar on customs issues, and other technical assistance projects as agreed between the Parties.

Review clause

14. The Agreement will be reviewed following a further transfer of competencies to the Palestinian Authority and the finalisation of the permanent status negotiations in order to reach a final Agreement.

15. The EFTA States and the Palestinian Authority undertake to review the Agreement after the Palestinian Authority formally engages in an accession process to the WTO.

DONE at Leukerbad, this 30th day of November 1998, in a single original in the English language, which shall be deposited with the Government of Norway. The Depositary shall transmit certified copies to all Signatories, and Parties acceding to this Agreement.