

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
L/7360/Add.1
23 December 1993
Limited Distribution

(93-2253)

Original: English

EFTA - HUNGARY FREE TRADE AGREEMENT

Communication from Austria
on behalf of the EFTA countries and Hungary

Addendum

The following text reproduces the Agreement¹ between the EFTA States and Hungary.

¹The Annexes and Protocols thereto have been submitted to the Secretariat for consultation by interested contracting parties (Office 3006).

**AGREEMENT BETWEEN THE EFTA STATES
AND THE REPUBLIC OF HUNGARY**

PREAMBLE

The Republic of Austria, the Republic of Finland, the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway, the Kingdom of Sweden, the Swiss Confederation (hereinafter called the EFTA States)

and

the Republic of Hungary (hereinafter called Hungary,

Recalling their intention to participate actively in the process of economic integration in Europe and expressing their readiness to co-operate in seeking ways and means to strengthen this process,

Having regard to the Declaration signed by the EFTA States and Hungary in Gothenburg on 13 June 1990,

Recalling their firm commitment to the Final Act of the Conference on Security and Co-operation in Europe, the Charter of Paris for a New Europe, and in particular the principles contained in the final document of the CSCE Bonn Conference on Economic Co-operation in Europe,

Reaffirming their commitment to the principles of a market economy, which constitutes the basis for their relations,

Noting the Memorandum of Understanding between the Organisation for Economic Co-operation and Development and the Government of Hungary signed in Paris on 4 June 1991, and in particular that Hungary firmly committed itself to finalizing the setting up of the necessary economic, legal and institutional framework for a well-established market economy,

Reaffirming their commitment to pluralistic democracy based on the rule of law, human rights and fundamental freedoms and recalling their membership in the Council of Europe,

Firmly convinced that this Agreement will foster the creation of an enlarged and harmonious free trade area within Europe, thus constituting an important contribution to European integration,

Resolve to this end to eliminate progressively the obstacles to substantially all their trade, in accordance with the General Agreement on Tariffs and Trade,

Declaring their readiness to examine, in the light of any relevant factor, the possibility of developing and deepening their relations in order to extend them to fields not covered by this Agreement,

Considering that no provision of this Agreement may be interpreted as exempting the States, Parties to this Agreement, from their obligations under other international agreements, especially the General Agreement on Tariffs and Trade,

HAVE DECIDED, in pursuit of the above, to conclude this Agreement:

ARTICLE 1

Objectives

1. The EFTA States and Hungary shall gradually establish, during a transitional period ending at the latest on 30 June 2003, a free trade area in accordance with the provisions of this Agreement.
2. The objectives of this Agreement, which is based on trade relations between market economies, are:
 - (a) to promote, through the expansion of reciprocal trade, the harmonious development of the economic relations between the EFTA States and Hungary and thus to foster in the EFTA States and in Hungary 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 States, Parties to this Agreement;
 - (c) to contribute in this way, by the removal of barriers to trade, to the harmonious development and expansion of world trade.

ARTICLE 2

Scope

The Agreement shall apply

- (a) to products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System, excluding the products listed in Annex I;
- (b) to products specified in Protocol A, with due regard to the arrangements provided for in that Protocol;
- (c) to fish and other marine products specified in Annex II, with due regard to the arrangements provided for in that Annex;

originating in an EFTA State or Hungary.

ARTICLE 3

Rules of origin and co-operation in customs administration

1. Protocol B lays down the rules of origin and related methods of administrative co-operation.
2. The States, Parties to this Agreement, shall take appropriate measures, including regular reviews by the Joint Committee and arrangements for administrative co-operation, to ensure that the provisions of Articles 4, 5, 7, 8, 9 and 10 and of Protocol B are effectively and harmoniously applied, and to reduce, as far as possible the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.

ARTICLE 4

Customs duties on imports

1. No new customs duty on imports shall be introduced in trade between the EFTA States and Hungary.

2. Customs duties on imports shall be gradually reduced and ultimately abolished in accordance with the following timetable:

(a) On the date of entry into force of this Agreement, the EFTA States shall abolish all customs duties on imports for products originating in Hungary, except for products specified in Annex III for which customs duties on imports shall be progressively abolished in accordance with the provisions laid down in that Annex.

(b) (i) Customs duties on imports applicable in Hungary to products originating in an EFTA State, which are listed in Annex IV shall be reduced progressively:

Upon entry into force of the Agreement:	to one-third of the basic duty
---	--------------------------------

On 1 January 1994:	to zero.
--------------------	----------

(ii) Customs duties on imports applicable in Hungary to products originating in an EFTA State, which are not listed in Annex IV or V shall be reduced progressively:

On 1 January 1995:	to two-thirds of the basic duty
--------------------	---------------------------------

On 1 January 1996:	to one-third of the basic duty
--------------------	--------------------------------

On 1 January 1997:	to zero.
--------------------	----------

(iii) Customs duties on imports applicable in Hungary to products originating in an EFTA State which are listed in Annex V shall be reduced progressively:

On 1 January 1995:	to 90% of the basic duty
--------------------	--------------------------

On 1 January 1996:	to 75% of the basic duty
--------------------	--------------------------

On 1 January 1997:	to 60% of the basic duty
--------------------	--------------------------

On 1 January 1998:	to 45% of the basic duty
--------------------	--------------------------

On 1 January 1999:	to 30% of the basic duty
--------------------	--------------------------

On 1 January 2000:	to 15% of the basic duty
--------------------	--------------------------

On 1 January 2001:	to zero.
--------------------	----------

3. The Joint Committee may agree on dates earlier than those set out in the above-mentioned timetable.

ARTICLE 5

Basic duties

1. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the Most Favoured Nation rate of duty applicable on 29 February 1992.
2. If, after the entry into force of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular reductions resulting from the Uruguay Round of Multilateral Trade Negotiations, such reduced duties shall replace the basic duties referred to in paragraph 1 as from the date when such reductions are applied.
3. The reduced duties calculated in accordance with Article 4 shall be applied rounded to the first decimal place or, in case of specific duties, to the second decimal place.

ARTICLE 6

Charges equivalent to customs duties on imports

1. No new charge having an effect equivalent to a customs duty on imports shall be introduced in trade between Hungary and the EFTA States.
2. All charges having an effect equivalent to customs duties on imports shall be abolished not later than on the entry into force of this Agreement, except as provided for in Annex VI.

ARTICLE 7

Customs duties of a fiscal nature

1. The provisions concerning the prohibition and the abolition of customs duties on imports shall also apply to customs duties of a fiscal nature, except as provided for in Protocol C.
2. The States, Parties to this Agreement, may replace a customs duty of a fiscal nature or the fiscal element of a customs duty by an internal tax.

ARTICLE 8

Customs duties on exports and charges having equivalent effect

1. No new customs duty on exports or charge having equivalent effect shall be introduced in trade between the EFTA States and Hungary.
2. Customs duties on exports and any charges having equivalent effect shall be abolished not later than on the entry into force of this Agreement, except as provided for in Annex VII.

ARTICLE 9

Quantitative restrictions on imports and measures having equivalent effect

1. No new quantitative restrictions on imports or measures having equivalent effect shall be introduced in trade between the EFTA States and Hungary.
2. Quantitative restrictions and measures having equivalent effect on imports into the EFTA States shall be abolished not later than on the entry into force of this Agreement, except as provided for in Annex VIII.
3. Quantitative restrictions and measures having equivalent effect on imports into Hungary shall be abolished not later than on the entry into force of this Agreement, except as provided for in Protocol A, Annex II and Annex IX.
4. From the date of entry into force of this Agreement Hungary shall open import ceilings for products listed in Annex X and on the conditions contained therein.
5. The Joint Committee shall periodically review the progress achieved in dismantling quantitative restrictions on imports.

ARTICLE 10

Quantitative restrictions on exports and measures having equivalent effect

1. No new quantitative restrictions on exports or measures having equivalent effect shall be introduced in trade between the EFTA States and Hungary.
2. Quantitative restrictions on exports and any measures having equivalent effect shall be abolished in the EFTA States not later than on the entry into force of this Agreement, except as provided for in Annex XI.
3. Quantitative restrictions on exports and any measures having equivalent effect shall be abolished in Hungary not later than on the entry into force of this Agreement, except as provided for in Annex XII.

ARTICLE 11

General exceptions

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants and the environment; the protection of national treasures of artistic, historic or archaeological value, or the protection of intellectual property, or rules relating to gold or silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the States, Parties to this Agreement.

ARTICLE 12

State monopolies

1. The States, Parties to this Agreement, shall ensure that any State monopoly of a commercial character be adjusted, subject to the provisions laid down in Protocol D, so that no discrimination regarding the conditions under which goods are procured and marketed will exist between nationals of the EFTA States and of Hungary.
2. The provisions of this Article shall apply to any body through which the competent authorities of a State, Party to this Agreement, in law or in fact, either directly or indirectly supervise, determine or appreciably influence imports or exports between the States, Parties to this Agreement. These provisions shall likewise apply to monopolies delegated by the State to others.

ARTICLE 13

Notification of draft technical regulations

1. The EFTA States and Hungary shall notify each other, at the earliest practicable stage, in accordance with the provisions laid down in Annex XIII of draft technical regulations and draft amendments thereto, which they intend to issue.
2. The provisions of this Article and of Annex XIII shall start to be applied one year after the entry into force of this Agreement.

ARTICLE 14

Trade in agricultural products

1. The States, Parties to this Agreement, declare their readiness to foster, in so far as their agricultural policies allow, harmonious development of trade in agricultural products and to discuss this issue periodically in an appropriate forum among the States Parties concerned.
2. In pursuance of this objective each individual EFTA State and Hungary have concluded a bilateral agreement providing for measures to facilitate trade in agricultural products.
3. The States, Parties to this Agreement, shall not apply their regulations in veterinary, plant health and health matters as an arbitrary or unjustifiable discrimination between the States Parties where the same conditions prevail, or as a disguised restriction on trade between them.

ARTICLE 15

Internal taxation

1. The States, Parties to this Agreement, shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products originating in an EFTA State and like products originating in Hungary.

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

ARTICLE 16

Payments

1. Payments relating to trade in goods between an EFTA State and Hungary and the transfer of such payments to the territory of the State, Party to this Agreement, where the creditor resides shall be free from any restrictions.
2. The States, Parties to this Agreement, shall refrain from any exchange or administrative restrictions on the grant, repayment or acceptance of short and medium-term credits covering commercial transactions in which a resident participates.
3. Until a full convertibility of the Hungarian currency in the meaning of Article VIII of the Articles of Agreement of the International Monetary Fund is introduced, Hungary maintains the right to apply exchange restrictions on the grant or acceptance of short and medium-term credits, provided that these restrictions are applied in a non-discriminatory manner as regards the origin of the products and that they are not applied only to specific products or kinds of products.

ARTICLE 17

Public procurement

1. The States, Parties to this Agreement, consider the effective liberalization of their respective public procurement markets an objective of this Agreement.
2. As of the entry into force of this Agreement, the EFTA States shall grant Hungarian companies access to contract award procedures on their respective public procurement markets according to the Agreement on Government Procurement of 12 April 1979, as amended by a Protocol of Amendments of 2 February 1987, negotiated under the auspices of the General Agreement on Tariffs and Trade.
3. Hungary shall, taking into account the restructuring and development process of its economy, gradually ensure that companies from the EFTA States have access on the same principles to contract award procedures on its market. In so doing Hungary shall notify to the Joint Committee the entities or agencies which it would list in Annex I to the Agreement referred to in paragraph 2 in case of accession thereto.
4. As soon as possible after the entry into force of this Agreement, the States, Parties to this Agreement, shall take a further step to expand their undertakings governing participating in public procurement contracts, so as to ensure free access and transparency, and that there is no discrimination between potential suppliers from the States, Parties to this Agreement. After a period of decreasing asymmetry in favour of Hungary, a full balance of rights and obligations between the States, Parties to this Agreement, shall be established not later than at the end of the transitional period.
5. The Joint Committee, acting in accordance with Articles 28 and 29, shall deal with the practical modalities for this development including, *inter alia*, scope, timetable and rules to be applied, and categories of entities awarding public procurement contracts.

6. The States Parties concerned shall endeavour to accede to the relevant Agreements negotiated under the auspices of the General Agreement on Tariffs and Trade.

ARTICLE 18

Protection of intellectual property

The States, Parties to this Agreement, shall grant and ensure adequate, effective and non-discriminatory protection of intellectual property rights. Protection of intellectual property shall, by 1 January 1997, be of a level similar to that prevailing in the area of the States, Parties to this Agreement. They shall adopt and take adequate, effective and non-discriminatory measures for the enforcement of such rights against infringement thereof and in particular against counterfeiting and piracy. Particular obligations are contained in Annex XIV.

ARTICLE 19

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 EFTA State and Hungary:

- (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 States, Parties to this Agreement, as a whole or in a substantial part thereof.

2. The provisions of paragraph 1 shall apply to the activities of all undertakings, including public undertakings and undertakings to which a State, Party to this Agreement, grants 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 the rules contained in this Article, in so far as the application of such rules does not obstruct the performance, in law or in fact, of the particular tasks assigned to them.

3. If a State, Party to this Agreement, considers that a given practice is incompatible with paragraphs 1 and 2, it may take measures it considers necessary to deal with serious difficulties resulting from the practices in question, under the conditions and in accordance with the procedures laid down in Article 26.

ARTICLE 20

State aid

1. Any aid granted by a State, Party to this Agreement, or through State resources in any form whatsoever 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 an EFTA State and Hungary, be incompatible with the proper functioning of this Agreement.

2. Any practices contrary to paragraph 1 should be assessed on the basis of the criteria set out in Annex XV.
3. For the purpose of applying the provisions of paragraph 1, Hungary may, during the first five years after the entry into force of this Agreement, grant aid with a higher intensity than would be tolerated for EFTA States according to the criteria set out in Annex XV.
4. The States, Parties to this Agreement, shall ensure transparency in the area of State aid, *inter alia*, by reporting annually to the Joint Committee on the total amount and the distribution of the aid given and providing, upon request, information on aid schemes. Upon request by a State Party, the State Party concerned shall provide information on particular individual cases of State aid.
5. If a State, Party to this Agreement, considers that a given practice is incompatible with the provisions of paragraph 1, it may take appropriate measures against this practice under the conditions and in accordance with the procedures laid down in Article 26.
6. Such appropriate measures may, where the General Agreement on Tariffs and Trade applies thereto, only be adopted in conformity with the procedures and under the conditions laid down by the General Agreement on Tariffs and Trade and any other relevant instruments negotiated under its auspices which are applicable between the States, Parties to this Agreement.
7. The States, Parties to this Agreement, shall exchange information taking into account the limitations imposed by the requirements of professional and business secrecy.

ARTICLE 21

Dumping

If an EFTA State finds that dumping within the meaning of Article VI of the General Agreement on Tariffs and Trade is taking place in trade with Hungary, or if Hungary finds that dumping within this meaning is taking place in trade with an EFTA State, the State Party concerned may take appropriate measures against this practice in accordance with the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade and with the procedures laid down in Article 26.

ARTICLE 22

Emergency action on imports of a particular product

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 State, Party to this Agreement, or
- (b) serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region,

the State Party concerned may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 26.

ARTICLE 23

Structural adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 4 may be taken by Hungary in the form of increased customs duties.
2. These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.
3. Customs duties on imports applicable in Hungary to products originating in the EFTA States introduced by these measures may not exceed 25% ad valorem and shall maintain an element of preference for products originating in the EFTA States. The total value of imports of the products which are subject to these measures may not exceed 15% of total imports of industrial products from the EFTA States, as defined in Article 2, during the last year for which statistics are available.
4. These measures shall be applied for a period not exceeding five years unless a longer duration is authorized by the Joint Committee. They shall cease to apply at the latest at the expiration of the transition period.
5. No such measures can be introduced in respect of a product if more than three years have elapsed since the elimination of all duties and quantitative restrictions or charges or measures having an equivalent effect concerning that product.
6. Hungary shall inform the Joint Committee of any exceptional measures it intends to take and, at the request of the EFTA States, consultations shall be held in the Joint Committee on such measures and the sectors to which they apply before they are applied. When taking such measures Hungary shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction, at equal annual rates. The Joint Committee may decide on a different schedule.

ARTICLE 24

Re-export and serious shortage

Where compliance with the provisions of Articles 8 and 10 leads to:

- (a) re-export towards a third country against which the exporting State, Party to this Agreement, 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 State Party;

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting State, Party to this Agreement, that State Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 26.

ARTICLE 25

Balance of payments difficulties

1. Where an EFTA State or Hungary is in serious balance of payments difficulties, or under imminent threat thereof, the EFTA State or Hungary, as the case may be, may, in accordance with the conditions established under the General Agreement on Tariffs and Trade, adopt trade restrictive measures, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The EFTA State or Hungary, as the case may be, shall inform the other States, Parties to this Agreement, and the Joint Committee forthwith of their introduction and, as soon as possible, of a time schedule for their removal.
2. The States, Parties to this Agreement, shall nevertheless, endeavour to avoid the imposition of restrictive measures for balance of payments purposes.

ARTICLE 26

Procedure for the application of safeguard measures

1. Before initiating the procedure for the application of safeguard measures set out in this Article, the States Parties concerned shall endeavour to solve any differences between them through direct consultations, and inform the other States Parties thereof.
2. In the event of Hungary or an EFTA State subjecting imports of products liable to give rise to the situation referred to in Article 22 to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other State Party.
3. Without prejudice to paragraph 7, a State, Party to this Agreement, which considers resorting to safeguard measures referred to in paragraph 4 shall promptly notify the other States Parties and the Joint Committee thereof and supply all relevant information. Consultations between the States Parties shall take place without delay in the Joint Committee with a view to finding a solution.
4.
 - (a) As regards Articles 19 and 20, the States Parties concerned shall give to the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the State 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, in cases under Article 19 within three months, and in cases under Article 20 within thirty working days, of the matter being referred to it, the State Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.
 - (b) As regards Article 21, 22 and 24, the Joint Committee shall examine the situation and may take any decision needed to put an end to the difficulties notified by the State Party concerned. In the absence of such a decision within thirty days of the matter being referred to the Joint Committee, the State Party concerned may adopt the measures necessary in order to remedy the situation.
 - (c) As regards Article 31, the State Party concerned may take appropriate measures after the consultations have been concluded or a period of thirty days has elapsed from the date of notification.

5. The safeguard measures taken shall be notified immediately to the other States Parties and to the Joint Committee. 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 as will least disturb the functioning of the Agreement. The measures taken by Hungary against an action or an omission of an EFTA State may only affect the trade with that State. The measures taken against an action or an omission of Hungary may only be taken by that or those EFTA States the trade of which is affected by the said action or omission.

6. The safeguard measures taken shall be the object of regular consultations within the Joint Committee with a view to their relaxation as soon as possible, or abolition when conditions no longer justify their maintenance.

7. Where exceptional circumstances requiring immediate action make prior examination impossible, the State Party concerned may, in the cases of Articles 21, 22 and 24, apply forthwith the precautionary measures strictly necessary to remedy the situation. The measures shall be notified without delay and consultations between the States Parties shall take place as soon as possible within the Joint Committee.

ARTICLE 27

Security exceptions

Nothing in this Agreement shall prevent a State, Party to this Agreement, 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 serious international tension constituting threat of war.

ARTICLE 28

The Joint Committee

1. The implementation of this Agreement shall be supervised and administered by the Joint Committee established under the Declaration signed by the EFTA States and Hungary in Gothenburg on 13 June 1990.

2. For the purpose of the proper implementation of the Agreement, the States, Parties to this Agreement, shall exchange information and, at the request of any State Party, shall hold consultations within the Joint Committee. The Joint Committee shall keep under review the possibility of further removal of the obstacles to trade between the EFTA States and Hungary.

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

ARTICLE 29

Procedures of the Joint Committee

1. For the proper implementation of this Agreement the Joint Committee shall meet whenever necessary but at least once a year. Each State, Party to this Agreement, may request that a meeting be held

2. The Joint Committee shall act by common agreement.

3. If a representative in the Joint Committee of a State, Party to this Agreement, has accepted a decision subject to the fulfilment of constitutional requirements, the decision shall enter into force, if no later date is contained therein, on the day the withdrawal of the reservation is notified.

4. The Joint Committee shall adopt its rules of procedure which shall, *inter alia*, contain provisions for convening meetings and for the designation of the Chairman and his term of office.

5. 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.

ARTICLE 30

Evolutionary clause

1. Where a State, Party to this Agreement, considers that it would be useful in the interest of the economies of the States Parties to develop and deepen the relations established by the Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the States, Parties to this Agreement. The States Parties may instruct the Joint Committee to examine this request and, where appropriate, to make recommendations to them, particularly with a view to opening negotiations.

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

ARTICLE 31

Fulfilment of obligations

1. The States, Parties to this Agreement, shall take any general or specific measures required to fulfil their obligations under the Agreement. They shall see to it that the objectives set out in the Agreement are attained.

2. If an EFTA State considers that Hungary has, or if Hungary considers that an EFTA State has failed to fulfil an obligation under this Agreement, the State Party concerned may take the appropriate measures under the conditions and in accordance with the procedures laid down in Article 26.

ARTICLE 32

Annexes and Protocols

The Annexes and the Protocols to this Agreement are an integral part of it. The Joint Committee may decide to amend the Annexes, and Protocols A and B.

ARTICLE 33

Trade relations governed by other Agreements

1. This Agreement applies to trade relations between the individual EFTA States, Parties to this Agreement, on the one side, and, on the other side, Hungary, but not to the trade relations between individual EFTA States unless otherwise provided for in this Agreement.

2. The Agreement between Finland and Hungary on the Reciprocal Removal of Obstacles to Trade, signed on 2 May 1974, as amended (hereinafter referred to as the "Finland-Hungary Agreement"), shall remain in force until the substance of the mutual benefits granted by that Agreement to its Parties has been fully overtaken by the present Agreement. At that stage the Finland-Hungary Agreement will be terminated by a joint decision of Finland and Hungary. All necessary measures shall be taken in order to assure that no concessions are withdrawn through the termination of the Finland-Hungary Agreement. The other States, Parties to the present Agreement, shall be notified of this decision and of those measures without delay.

No concession given under the Finland-Hungary Agreement shall be withdrawn as a consequence of the entry into force of the present Agreement. If such a risk arises, Finland and Hungary will immediately consult each other in view of removing such a risk.

3. The provisions of Articles 8, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 24 and 30 of the present Agreement shall also apply, mutatis mutandis, to trade between Finland and Hungary under the Finland-Hungary Agreement.

4. Specific rules on the implementation of this Article are contained in Annex XVI.

ARTICLE 34

Customs unions, free trade areas and frontier trade

1. 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 regime and in particular the provisions concerning rules of origin provided for by this Agreement.

2. Consultations between the States, Parties to this Agreement, shall take place, on request, within the Joint Committee concerning agreements establishing such customs unions or free trade areas.

ARTICLE 35

Territorial application

This Agreement shall apply to the territories of the States, Parties to this Agreement.

ARTICLE 36

Amendments

Amendments to this Agreement other than those referred to in paragraph 3 of Article 32 which are approved by the Joint Committee shall be submitted to the States, Parties to this Agreement, for acceptance and shall enter into force if accepted by all the States Parties. The instruments of acceptance shall be deposited with the Depositary.

ARTICLE 37

Accession

1. Any State becoming a Member of the European Free Trade Association, may accede to this Agreement, provided that the Joint Committee decides to approve its accession, to be negotiated between the States, Parties to this Agreement, concerned, and the acceding State, on such terms and conditions as set out in that decision. The instrument of accession shall be deposited with the Depositary which shall notify all other States Parties.
2. In relation to an acceding State, the Agreement shall enter into force on the first day of the third month following the deposit of its instrument of accession.

ARTICLE 38

Withdrawal and expiration

1. Each State Party may withdraw from this Agreement by means of a written notification to the Depositary. The withdrawal shall take effect six months after the date on which the notification is received by the Depositary.
2. If Hungary withdraws, the Agreement shall expire at the end of the notice period, and if all EFTA States withdraw it shall expire at the end of the last notice period.
3. Any EFTA Member State which withdraws from the Convention establishing the European Free Trade Association shall *ipso facto* on the same day as the withdrawal takes effect cease to be a State, Party to this Agreement.

ARTICLE 39

Entry into force

1. This Agreement shall enter into force on 1 July 1993 provided that all Signatory States have deposited their instruments of ratification or acceptance with the Depositary.
2. If this Agreement has not entered into force in accordance with the provision of paragraph 1 and provided that Hungary has deposited its instrument of ratification or acceptance, representatives of the Signatory States having deposited such an instrument shall meet before 1 August 1993 and may decide when the Agreement shall enter into force in relation to those States. As long as no such decision has been taken a meeting for the same purpose shall be held not later than thirty days after any further Signatory State had deposited its instrument.
3. In relation to a Signatory State depositing its instrument of ratification or acceptance after the meeting referred to in paragraph 2, this Agreement shall enter into force on the first day of the second month following the deposit of its instrument but not before the date decided upon in accordance with paragraph 2.
4. Any Signatory State may already at the time of signature declare that, during an initial phase, it shall apply the Agreement provisionally if the Agreement cannot enter into force in relation to that State by 1 July 1993, provided that in relation to Hungary the Agreement has entered into force.

ARTICLE 40

Depositary

The Government of Sweden, acting as Depositary, shall notify all States that have signed or acceded to this Agreement of the deposit of any instrument of ratification, acceptance or accession, the entry into force of this Agreement, of its expiry or of any withdrawal therefrom.

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

DONE at Geneva, this 29th day of March 1993, in a single authentic copy in the English language which shall be deposited with the Government of Sweden. The Depositary shall transmit certified copies to all Signatory States and States acceding to this Agreement.

For the Republic of Austria

.....

For the Republic of Hungary

.....

For the Republic of Finland

.....

For the Republic of Iceland

.....

For the Principality of Liechtenstein

.....

For the Kingdom of Norway

For the Kingdom of Sweden

.....

For the Swiss Confederation

.....