

**RECORD OF UNDERSTANDING  
RELATING TO THE COMPREHENSIVE ECONOMIC  
PARTNERSHIP AGREEMENT BETWEEN  
THE EFTA STATES AND ECUADOR**

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Ecuador and the EFTA States recall that on the 27th of June 2016, their Ministers signed a Joint Statement on the Launch of Negotiations of a Comprehensive Economic Partnership Agreement and to mandate their representatives to meet at an early date to start negotiations and to aim at an expeditious finalization of the negotiations. In this document, the Ministers recalled the Joint Declaration on Cooperation between the Republic of Ecuador and the EFTA States, signed in Schaan the 22nd of June 2015. The first round of negotiations was held in Quito in November 2016. The mentioned documents, as well as the joint conclusions of the first round are attached to this ROU (Annexes I-III).

The Parties hereby confirm the following common understandings, and confirm that these understandings constitute an integral part of the Agreement. For greater certainty:

The Parties have a clear understanding that relevant interpretations by panels and the Appellate Body adopted by the WTO Dispute Settlement Body shall be taken into account where relevant when interpreting the Agreement.

*Article 1.7 (Taxation)*

It is understood that taxation measures comprise inter alia measures aimed at preventing tax avoidance and tax evasion.

*Article 2.15 (Anti-dumping)*

The Parties shall endeavour to refrain from initiating anti-dumping procedures against each other, in particular against goods exported by Micro, Small and Medium – Sized Enterprises. For Ecuador, these shall include Popular and Solidarity Economy Stakeholders and fair and organic trade organizations. The importing Party shall explore the possibilities of applying constructive remedies.

*Article 3.1 (Scope and Coverage)*

Subject to the provisions of Chapter 3 (Trade in Services), the Parties recognize the right to adopt, maintain or enforce on a non-discriminatory basis, any measure that is in the public interest, such as measures to meet health, safety or environmental concerns or reasonable measures for prudential purposes.

*Article 3.15 (Restrictions to Safeguard the Balance of Payments)*

In the application of Article 3.15 (Restrictions to Safeguard the Balance of Payments) of the Agreement, it is understood that:

- (a) in the case of Ecuador, where, in exceptional circumstances relating to the dollarization of the Ecuadorian economy, payments and capital movements cause, or threaten to cause, serious difficulties to the liquidity of the Ecuadorian economy, Ecuador may adopt safeguard measures with regard to capital movements for a period not exceeding one year. These safeguard measures may be maintained beyond such period of time for justified reasons when it is necessary to overcome the exceptional circumstances that led to their application;
- (b) under no circumstance may the measures referred to in subparagraph (a) be used as a means for commercial protection or for the purpose of protecting a particular industry; and
- (c) if Ecuador adopts or maintains safeguard measures pursuant to subparagraph (a), it shall promptly inform the other Parties of their relevance and scope, and present, as soon as possible, a schedule for their removal.

***Article 3.14 and 4.8 (Payments and Transfers)***

It is understood that Articles 3.14 and 4.8 (Payments and Transfers) of the Agreement are without prejudice to the equitable, non-discriminatory and good faith application of laws relating to, *inter alia*:

- (a) bankruptcy, insolvency, or the protection of the rights of creditors;
- (b) criminal and penal offenses;
- (c) ensuring compliance with judicial or administrative orders or rulings in judicial or administrative proceedings;
- (d) issuing, trading, or dealing in securities, futures, options, or derivatives;  
or
- (e) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities.

***Article 6.4 (National Treatment and Non-Discrimination)***

The Parties recognise that, notwithstanding Article 6.4 (National Treatment and Non-Discrimination) of the Agreement, nothing in Chapter 6 (Government Procurement) of the Agreement shall be construed to prevent a Party from requesting suppliers to have, at the moment of signing the contract, domicile in that Party and a legal representative, provided that such requirements follow from the Party's domestic laws and regulations. If a Party does not apply these requirements to a non-party to this

agreement or a non-party supplier, such non-application shall immediately and unconditionally include the other Parties and their suppliers.

***Chapter 6 and Annex XVII (Government Procurement)***

Pursuant to Chapter 6 (Government Procurement) and Annex XVII (Government Procurement) of the Agreement, Switzerland declares its intention to mirror its market access coverage accorded to Ecuador, to the market access coverage achieved under the World Trade Organisation's revised Government Procurement Agreement of 2012, as soon as the said Agreement has been ratified by Switzerland in accordance with its domestic procedures. The Joint Committee shall adopt a decision containing the necessary amendments according to Article 10 (Joint Committee).

IN WITNESS WHEREOF the undersigned, being duly authorised thereto, have signed this Record of Understanding.

Done at Sauðárkrókur, this 25 day of June 2018, in one original in the English language and one original in the Spanish language, both texts being equally authentic. In case of divergence, the English text shall prevail. The originals shall be deposited with the Depositary, who shall transmit certified copies to all the Parties.

For Iceland

For the Republic of Ecuador

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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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**JOINT STATEMENT  
ON THE LAUNCH OF NEGOTIATIONS**

between

**THE REPUBLIC OF ECUADOR**

and

**THE REPUBLIC OF ICELAND,  
THE PRINCIPALITY OF LIECHTENSTEIN,  
THE KINGDOM OF NORWAY, AND  
THE SWISS CONFEDERATION,**

Together hereinafter referred to as “the Parties”,

RECALLING the Joint Declaration on Cooperation signed in Schaan on 22 June 2015 with the aim of jointly examining actions to be taken in view of negotiating a trade agreement between them;

RECOGNIZING the complementarity of the economies of Ecuador and the EFTA States, and the potential for enhanced trade and investment flows as well as for closer economic engagement between them;

WELCOMING the imminent finalization of the Terms of Reference document for the negotiations of a Comprehensive Economic Partnership Agreement between Ecuador and the EFTA States,

ADVOCATING an early start of these negotiations;

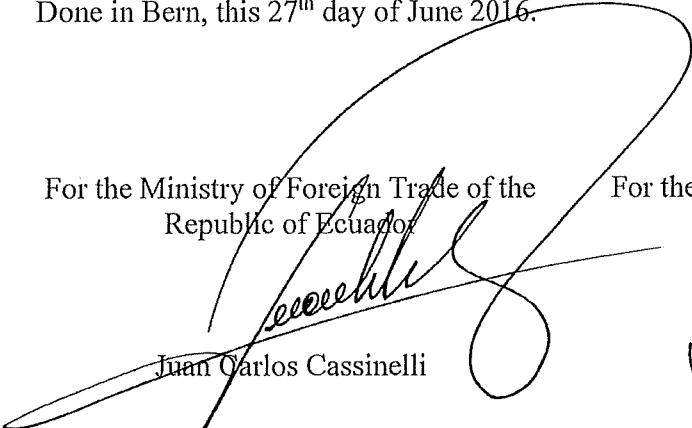
The Parties:

- (1) Mandate their representatives to finalise the Terms of Reference for negotiations of a Comprehensive Economic Partnership Agreement between Ecuador and the EFTA States as soon as possible;
- (2) mandate their representatives to meet at an early date to start negotiations; and
- (3) aim at an expeditious finalization of the negotiations.

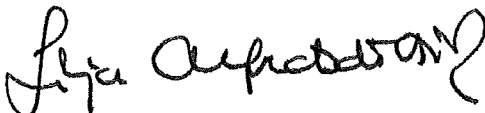


Done in Bern, this 27<sup>th</sup> day of June 2016.

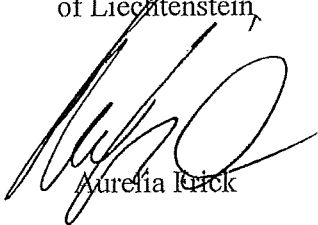
For the Ministry of Foreign Trade of the  
Republic of Ecuador

  
Juan Carlos Cassinelli


For the Ministry for Foreign Affairs of  
the Republic of Iceland

  
Lilja Alfreðsdóttir

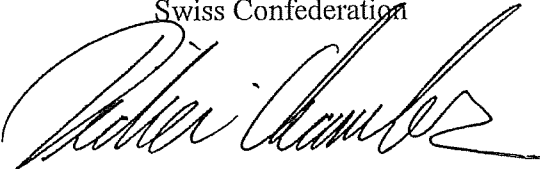
For the Ministry for Foreign Affairs,  
Education and Culture of the Principality  
of Liechtenstein

  
Aurelia Trick

For the Ministry of Trade, Industry and  
Fisheries of the Kingdom of Norway

  
Monica Mæland

For the Federal Department of Economic  
Affairs, Education and Research of the  
Swiss Confederation

  
Didier Chambovey



**JOINT DECLARATION ON  
COOPERATION  
BETWEEN  
THE REPUBLIC OF ECUADOR  
AND THE EFTA STATES**

## JOINT DECLARATION ON COOPERATION

**The Republic of Ecuador** (hereinafter referred to as “Ecuador”), on the one hand,

and

**Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the Swiss Confederation** (hereinafter referred to as “the EFTA States”), on the other:

DESIRING to enhance the bonds of friendship and economic cooperation between Ecuador and the EFTA States;

BELIEVING that such cooperation will contribute to their common interests in strengthening their economic cooperation, create new opportunities for employment and enhance the economic development;

ADHERING to the principles of human rights, democracy and the common objective of fostering human and economic contacts across borders;

RECOGNISING the different levels of development between the EFTA States and Ecuador.

BUILDING on their mutual commitment to the World Trade Organization (hereinafter referred to as the WTO);

EXPRESSING their intention to establish a framework supporting the expansion and diversification of trade and investment flows between Ecuador and the EFTA States,

DESIRING to pursue the objective of sustainable development and recognising the mutual supportiveness of the economic development, the social development and the environmental protection

ACKNOWLEDGING the importance of good corporate governance and corporate social responsibility for sustainable development, and affirming their aim to encourage enterprises to observe internationally recognised guidelines and principles in this respect

HEREBY DECLARE the following:

## I OBJECTIVES

1. Ecuador and the EFTA States will seek to:
  - (a) enhance economic relations between them, in particular concerning trade in goods and services as well as investment;
  - (b) facilitate the increased involvement of the private sector, in particular of micro, small, and medium-sized enterprises, in trade and commercial cooperation between them;
  - (c) ensure that labour and environmental standards are reflected in their trade relationship; and
  - (d) examine, in light of any relevant factors, the possibility of further developing their economic and trade relationship.

## II TRADE

2. The EFTA States and Ecuador, subject to their respective laws and regulations, will seek ways and means to expand trade relations, taking into account international obligations, in particular the provisions of the WTO agreements, *inter alia*, in the areas of:

- (a) trade in goods and services;
- (b) technical barriers to trade;
- (c) sanitary and phytosanitary measures;
- (d) trade facilitation, including customs cooperation; and
- (e) intellectual property rights;

3. Ecuador and the EFTA States will seek to broaden cooperation in areas of particular importance to expanding their trade relations, *inter alia*, by exchanging views and information, and encouraging cooperation on:

- (a) competition policy and law;
- (b) public procurement;
- (c) trade and sustainable development;

- (d) human resources development;
- (e) investment flows,
- (f) all trade-related issues and policies such as technical cooperation and technology transfer

4. Ecuador and the EFTA States will, when conditions permit, jointly examine actions to be taken in view of negotiating a trade agreement between them, taking into account the provisions of the WTO.

### **III PRIVATE SECTOR COOPERATION AND INVESTMENT**

5. Ecuador and the EFTA States will seek to promote private sector economic, trade and investment cooperation projects.

6. Ecuador and the EFTA States will encourage and stimulate business contacts, notably between enterprises, especially micro, small, and medium-sized enterprises, and organisations concerned with foreign trade and investment, with the aim of developing sustainable economic activities between Ecuador and the EFTA States.

### **IV JOINT COMMITTEE**

7. Ecuador and the EFTA States hereby establish a Joint Committee.

8. The Joint Committee shall be composed of representatives of Ecuador and the EFTA States.

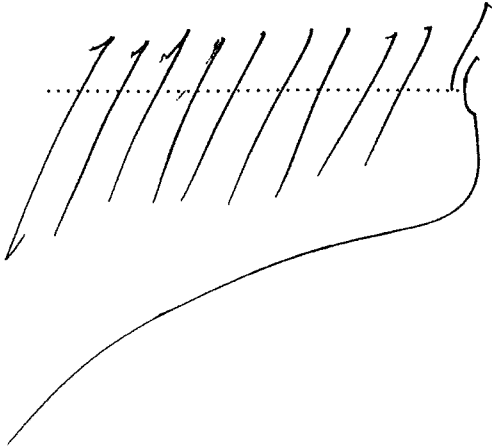
9. The Joint Committee shall review the cooperation in areas referred to in this declaration and discuss any other issue of mutual interest. It may formulate recommendations on any relevant subject by consensus.

10. The Joint Committee shall meet as and when necessary upon agreement between Ecuador and the EFTA states.

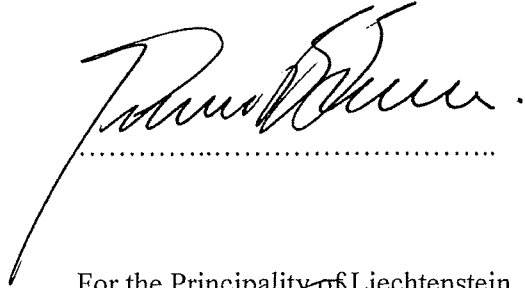
11. The secretariat services for the Joint Committee shall be provided jointly by the Ministry of International Trade of Ecuador and the EFTA Secretariat.

DONE in Schaan on this 22<sup>nd</sup> day of June 2015, in two original copies in the English language.

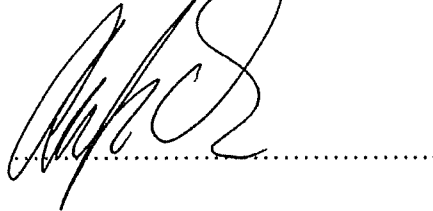
For Ecuador

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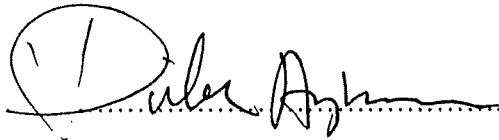
For Iceland

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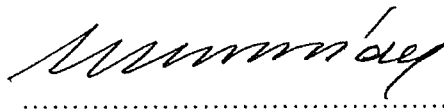
For the Principality of Liechtenstein

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For the Kingdom of Norway

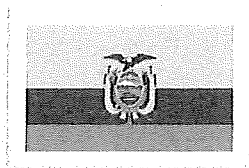
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For the Swiss Confederation

A handwritten signature for the Swiss Confederation, consisting of a series of loops and a final flourish. A horizontal dotted line is positioned above the signature.







**1<sup>st</sup> ROUND OF NEGOTIATIONS**  
**BETWEEN ECUADOR AND THE EFTA STATES ON A**  
**COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT**

**Quito, 14-17 November 2016**

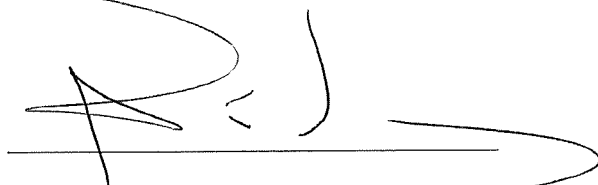
**Agreed Minutes**

1. The first round of negotiations on a Comprehensive Economic Partnership Agreement between Ecuador and the EFTA States took place in Quito, Ecuador from 14 to 17 November 2016.
2. Delegations discussed draft legal texts exchanged before the round and each Party presented their goals and expectations in all disciplines. The negotiations were held in a constructive and amicable atmosphere and paved the way for progress in all areas.
3. Working groups on expert level agreed on joint operational conclusions, including specific follow-up work, attached hereto, on the following:
  - Trade in Goods (NAMA)
  - Trade in Goods (Agriculture)
  - Rules of Origin
  - Trade Facilitation
  - Trade Remedies
  - Trade in Services
  - Competition
  - Intellectual Property Rights
  - Government Procurement
  - Trade and Sustainable Development
  - Legal and Institutional Provisions
  - Dispute Settlement
  - Cooperation
4. In addition, first exchanges of views took place on Heads of Delegation level regarding Investment, TBT and SPS.

5. Furthermore, Heads of Delegation finalized the Terms of Reference for the negotiations, also attached hereto.

6. Delegations agreed to hold the second round of negotiations in Geneva, Switzerland, from 28 February to 3 March 2017.

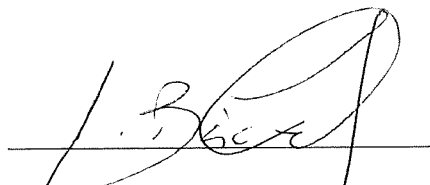
For the Delegation of Ecuador

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Alejandro Dávalos

Chief Negotiator,  
Undersecretary for Trade Negotiations  
and Economic Integration,  
Ministry of Foreign Trade, Ecuador

For the EFTA Delegation

A handwritten signature in black ink, featuring a large, stylized 'K' and 'B' followed by a long horizontal stroke.

Karin Büchel

Minister, Head of Free Trade  
Agreements/EFTA Division, State  
Secretariat for Economic Affairs,  
Switzerland