



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 18 April 2002
(OR. en)**

7293/02

RL 4

LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject : Euro-Mediterranean Agreement establishing an association between the
European Community and its Member States, of the one part, and the
Republic of Lebanon, of the other part
– Decision and Association Agreement

COUNCIL DECISION

of

on the signing, on behalf of the Community of a Euro-Mediterranean Agreement
establishing an Association
between the European Community and its Member States, of the one part,
and the Republic of Lebanon, of the other part,

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 310 in
conjunction with the first sentence of the first subparagraph of Article 300, paragraph 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) The Council adopted the Directives on 2 October 1995 for the Commission to open negotiations for a Euro-Mediterranean Association Agreement between the European Community and its Member States, of the one part, and the Republic of Lebanon, of the other part.
- (2) These negotiations have been concluded and the Agreement has been initialled on 10 January 2002 and the Agreement should therefore be signed on behalf of the Community,

HAS DECIDED AS FOLLOWS:

Article 1

The signing of the Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Lebanon, of the other part, is hereby approved on behalf of the Community, subject to the Council Decision concerning the conclusion of the said Agreement.

The text of the Agreement is attached to this Decision.

Article 2

The President of the Council is hereby authorised to designate the person(s) empowered to sign the Agreement on behalf of the Community subject to its conclusion.

Done at Brussels,

For the Council
The President

EURO-MEDITERRANEAN AGREEMENT
ESTABLISHING AN ASSOCIATION
BETWEEN THE EUROPEAN COMMUNITY
AND ITS MEMBERS STATES, OF THE ONE PART,
AND THE REPUBLIC OF LEBANON, OF THE OTHER PART

THE KINGDOM OF BELGIUM,

THE KINGDOM OF DENMARK,

THE FEDERAL REPUBLIC OF GERMANY,

THE HELLENIC REPUBLIC,

THE KINGDOM OF SPAIN,

THE FRENCH REPUBLIC,

IRELAND,

THE ITALIAN REPUBLIC,

THE GRAND DUCHY OF LUXEMBOURG,

THE KINGDOM OF THE NETHERLANDS,

THE REPUBLIC OF AUSTRIA,

THE PORTUGUESE REPUBLIC,

THE REPUBLIC OF FINLAND,

THE KINGDOM OF SWEDEN,

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

Contracting Parties to the Treaty establishing the European Community, hereinafter referred to as the "Member States", and

THE EUROPEAN COMMUNITY, hereinafter referred to as "the Community",

of the one part, and

THE REPUBLIC OF LEBANON, hereinafter referred to as "Lebanon",

of the other part,

CONSIDERING the proximity and interdependence which historic links and common values have established between the Community, its Member States and Lebanon;

CONSIDERING that the Community, its Member States and Lebanon wish to strengthen those links and to establish lasting relations, based on reciprocity, solidarity, partnership and co-development;

CONSIDERING the importance which the Parties attach to the principles of the United Nations Charter, particularly the observance of human rights, democratic principles and economic freedom, which form the very basis of the Association;

CONSIDERING recent political and economic developments both on the European continent and in the Middle East, and the resulting common responsibilities with regard to the stability, security and prosperity of the Euro-Mediterranean region;

CONSIDERING the importance for the Community and Lebanon of free trade, as guaranteed by the General Agreement on Tariffs and Trade of 1994 (GATT) and by the other multilateral agreements annexed to the Agreement establishing the WTO;

CONSIDERING the difference in economic and social development existing between Lebanon and the Community and the need to strengthen the process of economic and social development in Lebanon;

CONFIRMING that the provisions of this Agreement that fall within the scope of Part III, Title IV of the Treaty establishing the European Community bind the United Kingdom and Ireland as separate Contracting Parties, and not as part of the Community, until the United Kingdom or Ireland (as the case may be) notifies Lebanon that it has become bound as part of the Community in accordance with the Protocol on the position of the United Kingdom and Ireland annexed to the Treaty on European Union and the Treaty establishing the European Community. The same applies to Denmark, in accordance with the Protocol annexed to those Treaties on the position of Denmark,

DESIROUS of fully achieving the objectives of the association between them by implementing the relevant provisions of this Agreement to bring the levels of economic and social development of the Community and Lebanon closer to each other;

CONSCIOUS of the importance of this Agreement, which is based on reciprocity of interests, mutual concessions, cooperation and dialogue;

DESIROUS of developing a regular political dialogue on bilateral and international issues of mutual interest;

TAKING ACCOUNT of the Community's willingness to provide Lebanon with support in its endeavours to bring about economic reconstruction, reform and adjustment and social development;

DESIROUS of establishing, maintaining and intensifying cooperation, sustained by regular dialogue, on economic, scientific, technological, social, cultural and audiovisual issues in order to achieve better mutual understanding;

CONVINCED that this Agreement will create a climate conducive to growth in economic relations between them, more particularly in the trade and investment sectors which are essential to the success of the economic reconstruction and restructuring programme and to technological modernisation,

HAVE AGREED AS FOLLOWS:

ARTICLE 1

1. An association is hereby established between the Community and its Member States, of the one part, and Lebanon, of the other part.

2. The aims of this Agreement are to:

- (a) provide an appropriate framework for political dialogue between the Parties, allowing the development of close relations in all areas they consider relevant to such dialogue,
- (b) establish the conditions for the gradual liberalisation of trade in goods, services and capital,
- (c) promote trade and the expansion of harmonious economic and social relations between the Parties, notably through dialogue and cooperation, so as to foster the development and prosperity of Lebanon and its people,
- (d) promote economic, social, cultural, financial and monetary cooperation.
- (e) promote cooperation in other areas which are of mutual interest.

ARTICLE 2

Relations between the Parties, as well as all the provisions of this Agreement itself, shall be based on respect of democratic principles and fundamental human rights as set out in the Universal Declaration on Human Rights, which guides their internal and international policy and constitutes an essential element of this Agreement.

TITLE I

POLITICAL DIALOGUE

ARTICLE 3

1. A regular political dialogue shall be established between the Parties. It shall help build lasting links of solidarity between the partners which will contribute to the prosperity, stability and security of the Mediterranean region and bring about a climate of understanding and tolerance between cultures.
2. Political dialogue and cooperation are intended in particular to:
 - (a) facilitate rapprochement between the Parties through the development of better mutual understanding and regular coordination on international issues of common interest;
 - (b) enable each Party to consider the position and interests of the other;

- (c) contribute to consolidating security and stability in the Mediterranean region and in the Middle East in particular;
- (d) promote common initiatives.

ARTICLE 4

Political dialogue shall cover all issues of common interest to the Parties, examining in particular the conditions required to ensure peace and security through support for cooperation. The dialogue shall also seek to create new forms of cooperation directed towards common objectives.

ARTICLE 5

1. Political dialogue shall take place at regular intervals and whenever necessary, notably:
 - (a) at ministerial level, mainly in the framework of the Association Council;
 - (b) at senior official level of Lebanon, on the one hand, and of the Presidency of the Council and of the Commission on the other;
 - (c) by taking full advantage of all diplomatic channels including regular briefings by officials, consultations on the occasion of international meetings and contacts between diplomatic representatives in third countries;

(d) where appropriate, by any other means which would make a useful contribution to consolidating dialogue and increasing its effectiveness.

2. A political dialogue shall be established between the European Parliament and the Lebanese Parliament.

TITLE II

FREE MOVEMENT OF GOODS

BASIC PRINCIPLES

ARTICLE 6

The Community and Lebanon shall gradually establish a free trade area over a transitional period not exceeding twelve years from the entry into force of this Agreement according to the modalities set out in this Title and in conformity with the provisions of the General Agreement on Tariffs and Trade of 1994 and of the other multilateral agreements on trade in goods annexed to the Agreement establishing the World Trade Organisation (WTO), hereinafter referred to as the GATT.

CHAPTER 1

INDUSTRIAL PRODUCTS

ARTICLE 7

The provisions of this Chapter shall apply to products originating in the Community and Lebanon falling within Chapters 25 to 97 of the Combined Nomenclature and of the Lebanese Customs tariff with the exception of the products listed in Annex 1.

ARTICLE 8

Imports into the Community of products originating in Lebanon shall be allowed free of customs duties and of any other charge having equivalent effect.

ARTICLE 9

1. Customs duties and charges having equivalent effect applicable on import into Lebanon of products originating in the Community shall be progressively abolished in accordance with the following schedule:

- five years after the date of entry into force of this Agreement each duty and charge shall be reduced to 88% of the basic rate,

- six years after the date of entry into force of this Agreement each duty and charge shall be reduced to 76% of the basic rate,
- seven years after the date of entry into force of this Agreement each duty and charge shall be reduced to 64% of the basic rate,
- eight years after the date of entry into force of this Agreement each duty and charge shall be reduced to 52% of the basic rate,
- nine years after the date of entry into force of this Agreement each duty and charge shall be reduced to 40% of the basic rate,
- ten years after the date of entry into force of this Agreement each duty and charge shall be reduced to 28% of the basic rate,
- eleven years after the date of entry into force of this Agreement each duty and charge shall be reduced to 16% of the basic rate,
- twelve years after the date of entry into force of this Agreement the remaining duties and charges shall be abolished.

2. In the event of serious difficulties for a given product, the schedule applicable under paragraph 1 above may be reviewed by the Association Committee by common accord on the understanding that the schedule for which the review has been requested may not be extended in respect of the product concerned beyond the maximum transitional period of twelve years. If the Association Committee has not taken a decision within thirty days of an application by Lebanon to review the schedule, Lebanon may suspend the schedule provisionally for a period which may not exceed one year.

3. For each product concerned, the basic duty to be gradually reduced as provided in paragraph 1 shall be the rates referred to in Article 19.

ARTICLE 10

The provisions concerning the abolition of customs duties on imports shall also apply to customs duties of a fiscal nature.

ARTICLE 11

1. Exceptional measures of limited duration which derogate from the provisions of Article 9 may be taken by Lebanon in the form of an increase or reintroduction of customs duties.
2. These measures may only concern new and infant industries, or sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties entail major social problems.
3. Customs duties on imports into Lebanon of products originating in the Community that are introduced by such exceptional measures may not exceed 25% *ad valorem* and shall maintain an element of preference for products originating in the Community. The total value of imports of the products which are subject to these measures may not exceed 20% of the yearly average of total imports of industrial products from the Community during the last three years for which statistics are available.

4. These measures shall be applied for a period not exceeding five years unless a longer duration is authorised by the Association Committee. They shall cease to apply at the latest on the expiry of the maximum transitional period of twelve years.
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 equivalent effect concerning that product.
6. Lebanon shall inform the Association Committee of any exceptional measures it intends to adopt and, at the request of the Community, consultations shall be held on the measures and sectors concerned before they are implemented. When adopting such measures Lebanon shall provide the 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 in equal annual instalments starting no later than the end of the second year following their introduction. The Association Committee may decide on a different schedule.
7. By way of derogation from provisions of paragraph 4, the Association Committee may exceptionally, to take account of the difficulties involved in setting up new industries, endorse the measures already taken by Lebanon pursuant to paragraph 1 for a maximum period of three years beyond the twelve year transitional period.

CHAPTER 2

AGRICULTURAL, FISHERIES AND PROCESSED AGRICULTURAL PRODUCTS

ARTICLE 12

The provisions of this Chapter shall apply to products originating in the Community and Lebanon falling within Chapters 1 to 24 of the Combined Nomenclature and of the Lebanese Customs tariff and to the products listed in Annex 1.

ARTICLE 13

The Community and Lebanon shall progressively establish a greater liberalisation of their trade in agricultural, fisheries and processed agricultural products, of interest to both parties.

ARTICLE 14

1. Agricultural products originating in Lebanon listed in Protocol 1 on importation into the Community shall be subject to the arrangement set out in that Protocol.
2. Agricultural products originating in the Community listed in Protocol 2 on importation into Lebanon shall be subject to the arrangement set out in that Protocol.

3. Trade in processed agricultural products falling under this chapter shall be subject to the arrangements set out in Protocol 3.

ARTICLE 15

1. Five years after the entry into force of this Agreement, the Community and Lebanon shall assess the situation in order to determine measures to be applied by the Community and Lebanon one year following the revision of this Agreement, in accordance with the objective set out in Article 13.

2. Without prejudice to the provisions of paragraph 1 and taking account of the volume of trade in agricultural, fisheries and processed agricultural products between the two Parties and the particular sensitivity of such products, the Community and Lebanon shall examine on a regular basis in the Association Council, product by product and on an orderly and reciprocal basis, the possibility of granting each other further concessions.

ARTICLE 16

1. In the event of specific rules being introduced as a result of the implementation of its agricultural policy or of any alteration of the current rules or in the event of any alteration or extension of the provisions relating to the implementation of its agricultural policy, the Party concerned may amend the arrangements resulting from this Agreement in respect of the products concerned.

2. The Party carrying out such modification shall inform the Association Committee thereof. At the request of the other Party, the Association Committee shall meet to take due account of the interest of the other Party.

3. If the Community or Lebanon, in applying paragraph 1, modifies the arrangements made by this Agreement for agricultural products, they shall accord imports originating in the other Party an advantage comparable to that provided for in this Agreement.

4. Any modification of the arrangements made by this Agreement shall be the subject, at the request of the other Party, of consultations within the Association Council.

ARTICLE 17

1. Both Parties agree to cooperate to reduce the potential for fraud in the application of the trade provisions of this Agreement.

2. Notwithstanding other provisions of this Agreement, where one Party finds that there is sufficient evidence of fraud such as a significant increase in trade products by one party to the other party, beyond the level reflecting economic conditions such as normal production and export capacities, or failure to provide administrative cooperation as required for the verification of evidence of origin by the other Party, both Parties shall enter into consultations immediately to find an appropriate solution. Pending such a solution, the Party concerned may take the appropriate measures it deems necessary. In the selection of the measure priority must be given to those which least disturb the functioning of the arrangements established in this Agreement.

CHAPTER 3

COMMON PROVISIONS

ARTICLE 18

1. No new customs duties on imports or exports or charges having equivalent effect shall be introduced in trade between the Community and Lebanon, nor shall those already applied upon entry into force of this Agreement be increased unless this Agreement provides otherwise.
2. No new quantitative restriction on imports or measure having equivalent effect shall be introduced in trade between the Community and Lebanon
3. Quantitative restrictions on imports and measures having equivalent effect in trade between Lebanon and the Community shall be abolished upon the entry into force of this Agreement.
4. Neither the Community nor Lebanon shall apply to exports between themselves either customs duties or charges having equivalent effect, or quantitative restrictions or measures of equivalent effect.

ARTICLE 19

1. For each product the basic rate to which the successive reductions laid down in Article 9(1) are to be applied shall be that actually applied vis-à-vis the Community on the day of conclusion of the negotiations.

2. In the event of the accession of Lebanon to the WTO, the applicable rates for imports between the Parties shall be the WTO bound rate or lower effectively applied rate enforced as of the date of the accession. If, after the accession to the WTO, a tariff reduction is applied on an *erga omnes* basis, the reduced rate shall apply.
3. The provision laid down in paragraph 2 is of application for any tariff reduction applied after the day of conclusion of the negotiations on a *erga omnes* basis.
4. The Parties shall communicate to each other their respective applied rates on the day of conclusion of the negotiations.

ARTICLE 20

Products originating in Lebanon shall not enjoy more favourable treatment when imported into the Community than that applied by Member States among themselves.

ARTICLE 21

1. The Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products of one Party and like products originating in the territory of the other Party.
2. Products exported to the territory of one of the Parties may not benefit from repayment of indirect internal taxation in excess of the amount of indirect taxation imposed on them either directly or indirectly.

ARTICLE 22

1. This Agreement shall not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade except in so far as they alter the trade arrangements provided for in this Agreement.
2. Consultations between the Parties shall take place within the Association Committee concerning agreements establishing such customs unions or free trade areas and, where requested, on other major issues related to their respective trade policies with third countries. In particular, in the event of a third country acceding to the Community, such consultations shall take place so as to ensure that account can be taken of the mutual interests of the Community and Lebanon.

ARTICLE 23

If one of the Parties finds that dumping is taking place in trade with the other Party in line with prevailing international rules as defined in Article VI of the General Agreement on Tariffs and Trade (GATT) 1994 and related internal legislation, it may take appropriate measures against this practice in accordance with the WTO Agreement on the implementation of Article VI of the GATT 1994 and related internal legislation.

ARTICLE 24

1. Without prejudice to Article 35, the WTO Agreement on Subsidies and Countervailing Measures shall apply between the Parties.

2. Until the necessary rules referred to in Article 35(2) are adopted, if either Party finds that subsidy is taking place in trade with the other Party in line with prevailing international rules as defined in Articles VI and XVI of the General Agreement on Tariffs and Trade (GATT) 1994 and related internal legislation, it may invoke appropriate measures against this practice in accordance with those rules as defined by the WTO Agreement on Subsidies and Countervailing Measures and related internal legislation.

ARTICLE 25

1. The provisions of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards and related internal legislation are applicable between the Parties.

2. Before applying safeguard measures as defined by international rules, the Party intending to apply such measures shall supply the Association Committee with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

In order to find such a solution the Parties shall immediately hold consultations within the Association Committee. If, as a result of the consultations, the Parties do not reach an agreement within thirty days of the initiation of the consultations on a solution to avoid the application of the safeguard measures, the Party intending to apply safeguard measures may apply the provisions of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards.

3. In the selection of safeguard measures pursuant to this article, the Parties shall give priority to those, which cause least disturbance to the achievement of the objectives of this Agreement.

4. Safeguard measures shall be notified immediately to the Association Committee and shall be the subject of periodic consultations within the Committee, particularly with a view to their abolition as soon as circumstances permit.

ARTICLE 26

1. Where compliance with the provisions of Article 18(4) leads to:

- (a) re-export to a third country against which the exporting Party 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 Party,

and where the situations referred to above give rise, or are likely to give rise, to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in paragraph 2.

2. The difficulties arising from the situations referred to in paragraph 1 shall be submitted for examination to the Association Committee. The Association Committee may take any decision needed to put an end to the difficulties. If it has not taken such a decision within thirty days of the matter being referred to it, the exporting Party may apply appropriate measures on the exportation of the product concerned. The measures shall be non-discriminatory and shall be eliminated when conditions no longer justify their maintenance.

ARTICLE 27

Nothing in this Agreement shall preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; of the protection of health and life of humans, animals or plants; of the protection of national treasures of artistic, historic or archaeological value; of the protection of intellectual industrial and commercial property; of rules relating to gold and silver and conservation of exhaustible natural resources. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

ARTICLE 28

The concept of "originating products" for the application of the provisions of the present Title and the methods of administrative cooperation relating thereto are laid down in Protocol 4.

ARTICLE 29

The Combined Nomenclature of goods shall be applied to the classification of goods for imports into the Community. The Lebanese customs tariff shall be applied to the classification of goods for imports into Lebanon.

TITLE III

RIGHT OF ESTABLISHMENT AND SUPPLY OF SERVICES

ARTICLE 30

1. Treatment granted by either Party to the other with respect to the right of establishment and the supply of services shall be based on each Party's commitments and other obligations under the General Agreement on Trade in Services (GATS). This provision shall take effect from the date of the final accession of Lebanon to the WTO.
2. Lebanon undertakes to provide a schedule of specific commitments on services, prepared in accordance with Article XX of the GATS, to the European Community and their Member States as soon as it is finalised.
3. The Parties undertake to consider development of the above provisions with a view to the establishment of an "economic integration agreement" as defined in Article V of the GATS.

4. The objective provided for in paragraph 3 shall be subject to a first examination by the Association Council one year after the entry into force of this Agreement.

5. The Parties shall not, between the date of entry into force of this Agreement and Lebanon's accession to the WTO, take any measures or actions which render the conditions for the supply of services by Community or Lebanese service suppliers more discriminatory than those existing on the date of entry into force of this Agreement.

6. For the purposes of this Title:

- (a) "service suppliers" of a Party means any juridical or natural person that seeks to provide or provides a service;
- (b) a "juridical person" means a company or a subsidiary, set up in accordance with the laws either of a Member State of the Community or of Lebanon and having its registered office, central administration or principal place of business in the territory either of the Community or of Lebanon. Should the juridical person have only its registered office or central administration in the territory either of the Community or of Lebanon, it shall not be considered as either a Community or a Lebanese juridical person, unless its operations possess a real and continuous link with the economy either of the Community or Lebanon;
- (c) "subsidiary" means a juridical person which is effectively controlled by another juridical person;
- (d) "natural person" means a person who is a national either of a Member State of the Community or of Lebanon according to their respective national legislations.

TITLE IV

PAYMENTS, CAPITAL, COMPETITION AND OTHER ECONOMIC PROVISIONS

CHAPTER 1

CURRENT PAYMENTS AND MOVEMENT OF CAPITAL

ARTICLE 31

Within the framework of the provisions of this Agreement, and subject to the provisions of Articles 33 and 34, there shall be no restrictions between the Community of the one part, and Lebanon of the other part, on the movement of capital and no discrimination based on the nationality or on the place of residence of their nationals or on the place where such capital is invested.

ARTICLE 32

Current payments connected with the movement of goods, persons, services or capital within the framework of this Agreement shall be free of all restrictions.

ARTICLE 33

1. Subject to other provisions in this Agreement and other international obligations of the Community and Lebanon, the provisions of Articles 31 and 32 shall be without prejudice to the application of any restriction which exists between them on the date of entry into force of this Agreement, in respect of the movement of capital between them involving direct investment, including in real estate, establishment, the provision of financial services or the admission of securities to capital markets.
2. However, the transfer abroad of investments made in Lebanon by Community residents or in the Community by Lebanese residents and of any profit stemming therefrom shall not be affected.

ARTICLE 34

Where one or several Member States of the Community or Lebanon face or risk facing serious difficulties concerning balance of payments, the Community or Lebanon respectively may, in conformity with the conditions laid down within the framework of the GATT and Articles VIII and XIV of the Statutes of the International Monetary Fund, take restrictive measures with regard to current payments if such measures are strictly necessary. The Community or Lebanon, as appropriate, shall inform the other Party immediately thereof and shall provide as soon as possible a timetable for the removal of such measures.

CHAPTER 2

COMPETITION AND OTHER ECONOMIC MATTERS

ARTICLE 35

1. The following are incompatible with the proper functioning of this Agreement, insofar as they may affect trade between the Community and Lebanon:
 - (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, as defined by their respective legislation;
 - (b) abuse by one or more undertakings of a dominant position in the territories of the Community or Lebanon as a whole or in a substantial part thereof, as defined by their respective legislation.
2. The Parties will enforce their respective competition legislation and shall exchange information taking into account the limitations imposed by the requirements of confidentiality. The necessary rules for cooperation in order to implement paragraph 1 shall be adopted by the Association Committee within five years of entry into force of this Agreement.

3. If the Community or Lebanon considers that a particular practice is incompatible with the terms of paragraph 1 of this Article, and if such practice causes or threatens to cause serious prejudice to the other Party, it may take appropriate measures after consultation within the Association Committee or after thirty working days following referral for such consultation.

ARTICLE 36

The Member States and Lebanon shall progressively adjust, without prejudice to their commitments respectively taken or to be taken under the GATT, any State monopolies of a commercial character, so as to ensure that, by the end of the fifth year following the entry into force of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Member States and of Lebanon. The Association Committee will be informed about the measures adopted to implement this objective.

ARTICLE 37

With regard to public enterprises and enterprises to which special or exclusive rights have been granted, the Association Council shall ensure that as from the fifth year following the date of entry into force of this Agreement there is neither enacted nor maintained any measure distorting trade between the Community and Lebanon to an extent contrary to the Parties' interests. This provision should not obstruct the performance in law or in fact of the particular tasks assigned to these enterprises.

ARTICLE 38

1. Pursuant to the provisions of this Article and of Annex 2, the Parties shall ensure adequate and effective protection of intellectual, industrial and commercial property rights in conformity with the highest international standards, including effective means of enforcing such rights.
2. The implementation of this Article and of Annex 2 shall be regularly reviewed by the Parties. If problems in the area of intellectual property protection affecting trading conditions occur, urgent consultations shall be undertaken, at the request of either Party, with a view to reaching mutually satisfactory solutions.

ARTICLE 39

1. The Parties shall take as their aim a reciprocal and gradual liberalisation of public procurement contracts.
2. The Association Council shall take the steps necessary to implement paragraph 1.

TITLE V

ECONOMIC AND SECTOR COOPERATION

ARTICLE 40

Objectives

1. The two Parties shall together establish the strategies and procedures needed to achieve cooperation in the fields covered by this Title.
2. The Parties undertake to intensify economic cooperation in their mutual interest and in the spirit of partnership which is at the root of this Agreement.
3. The aim of economic cooperation shall be to support Lebanon's own efforts to achieve sustainable economic and social development.

ARTICLE 41

Scope

1. Cooperation shall be targeted first and foremost at areas of activity suffering the effects of internal constraints and difficulties or affected by the process of liberalising Lebanon's economy as a whole, and more particularly by the liberalisation of trade between Lebanon and the Community.

2. Similarly, cooperation shall focus on areas likely to bring the economies of the Community and Lebanon closer together, particularly those which will generate growth and employment.
3. Preservation of the environment and ecological balances shall constitute a central component of the various fields of economic cooperation
4. The Parties may agree to extend the economic cooperation to other sectors not covered by the provisions of this Title.

ARTICLE 42

Methods and Modalities

Economic cooperation shall be implemented in particular by:

- (a) a regular economic dialogue between the Parties, which covers all areas of macroeconomic policy;
- (b) regular exchange of information and ideas in every sector of cooperation including meetings of officials and experts;
- (c) transfer of advice, expertise and training;
- (d) implementation of joint actions such as seminars and workshops;
- (e) technical, administrative and regulatory assistance;
- (f) the dissemination of information on cooperation.

ARTICLE 43

Education and Training

Cooperation aims at:

- (a) defining the means to appreciably improve the situation in the field of education and training, particularly in vocational training;
- (b) encouraging the setting up of strong links between agencies specialised in joint actions, and the exchange of experiences and know-how, essentially, the exchange of youth, exchanges between universities and other educational institutions, so as to bring cultures closer together;
- (c) particularly encouraging access of the female population to education, including technical and higher education, and vocational training.

ARTICLE 44

Scientific, technical and technological cooperation

The aim of cooperation shall be to:

- (a) encourage the establishment of permanent links between the Parties' scientific communities, notably by means of:
 - providing Lebanon with access to Community research and technological development programmes in accordance with Community rules governing non-Community countries' involvement in such programmes;

- Lebanese participation in networks of decentralised cooperation;
 - promoting synergy between training and research;
- (b) improve Lebanon's research capabilities; and its technological development;
- (c) stimulate technological innovation and the transfer of new technology and dissemination of know-how;
- (d) study the ways Lebanon can participate in European framework programmes for research.

ARTICLE 45

Environment

1. The Parties shall encourage cooperation in preventing deterioration of the environment, controlling pollution and ensuring the rational use of natural resources, with a view to ensuring sustainable development.
2. Cooperation shall be centred upon:
 - (a) water quality in the Mediterranean, and control and prevention of marine pollution,
 - (b) waste management, particularly that of toxic waste,
 - (c) salinisation,
 - (d) environmental management of sensitive coastal areas,

- (e) environmental education and awareness,
- (f) the use of advanced instruments for environmental management and monitoring, and in particular the use of the environment information system and studies on environmental impact,
- (g) the effect of industrial development on the environment in general and on the safety of industrial plant in particular,
- (h) the effect of agriculture on soil quality and water quality,
- (i) soil preservation and conservation,
- (j) rational management of water resources,
- (k) joint research and monitoring activities as well as programmes and projects.

ARTICLE 46

Industrial cooperation

The aim of cooperation shall be to:

- (a) encourage cooperation between the Parties' economic operators, including cooperation in the context of access for Lebanon to Community business networks;

- (b) support the effort to modernise and restructure Lebanon's public and private sector industry (including the agri-food industry);
- (c) foster an environment which favours private initiative, with the aim of stimulating and diversifying output for the domestic and export markets;
- (d) enhance Lebanon's human resources and industrial potential through better use of policy in the fields of innovation and research and technological development;
- (e) facilitate access to capital markets to finance productive investment.
- (f) encourage the development of SMEs, particularly by:
 - promoting contacts between enterprises, partly by using Community networks and instruments for the promotion of industrial cooperation and partnership,
 - facilitating credit access for financing investment,
 - making information and support services available,
 - enhance human resources to encourage innovation, and setting up projects and economic activities.

ARTICLE 47

Promotion and protection of investment

1. Cooperation shall aim at increasing the flow of capital, expertise and technology to Lebanon through, inter alia:

- (a) appropriate means of identifying investment opportunities and information channels on investment regulations;
- (b) providing information on European investment regimes (technical assistance, direct financial support, fiscal incentives, investment insurance, etc.) related to outward investment and enhancing the possibility of Lebanon to benefit from them;
- (c) examining the creation of joint ventures (especially for small and medium-sized enterprises), and when appropriate the conclusion of agreements between the Member States and Lebanon;
- (d) establishing mechanisms for encouraging and promoting investments;
- (e) the development of a legal framework conducive to investment between the two Parties, through the conclusion by Lebanon and the Member States of investment protection agreements, where appropriate, and agreements preventing double taxation.

2. Cooperation may extend to the planning and implementation of projects demonstrating the effective acquisition and use of basic technologies, the use of standards, the development of human resources and the creation of jobs locally.

ARTICLE 48

Cooperation in standardisation and conformity assessment

The Parties shall cooperate in:

- (a) reducing divergences in standardisation, metrology, quality control and conformity assessment;
- (b) developing the updating of Lebanese laboratories;
- (c) negotiating mutual recognition agreements as soon as the conditions for them are met;
- (d) strengthening the Lebanese institutions responsible for standardisation, quality, and intellectual, industrial and commercial property.

ARTICLE 49

Approximation of legislation

The Parties shall use their best endeavours to approximate their respective laws in order to facilitate the implementation of this Agreement.

ARTICLE 50

Financial services

The aim of cooperation shall be to achieve closer common rules and standards in areas including the following:

- (a) developing the financial markets in Lebanon;
- (b) improving accounting, auditing, supervision and regulation of financial services and financial monitoring in Lebanon.

ARTICLE 51

Agriculture and fisheries

The aims of cooperation shall be:

- (a) to support policies aiming to diversify production;
- (b) to reduce food dependency;
- (c) to promote a form of agriculture which pays due regard to the environment;

- (d) to establish closer relations between enterprises, groupings and professional organisations of the two Parties;
- (e) to provide assistance and technical training; support for agronomic research, advisory services, agricultural education and technical training of staff in the agricultural sector;
- (f) to harmonise phytosanitary and veterinary standards;
- (g) to support integrated rural development, including improvement of basic services and development of ancillary economic activities, particularly in the regions affected by the eradication of illicit crops;
- (h) cooperation between rural areas, exchange of experience and know-how on rural development;
- (i) development of sea fishing and aquaculture;
- (j) development of packaging, storage and marketing techniques; and the improvement of distribution channels;
- (k) to develop agricultural water resources;
- (l) to develop the forestry sector, especially in the fields of reforestation, forest fire prevention, forest pasture and combating desertification;
- (m) to develop agricultural mechanisation and promotion of agricultural service cooperatives;
- (n) to strengthen the agricultural credit system.

ARTICLE 52

Transport

The aim of cooperation shall be to:

- (a) restructure and modernise road, rail, port and airport infrastructure linked to the main trans-European lines of communication of common interest;
- (b) establish and enforce operating and safety standards comparable to those prevailing in the Community;
- (c) upgrade technical equipment to Community standards for multimodal transport, container traffic and transshipment;
- (d) improve road, maritime and multimodal transit and the management of ports, airports, sea and air traffic control, railways and navigation aids;
- (e) reorganise and restructure of the mass transport sector including public transport.

ARTICLE 53

Information society and telecommunications

1. The Parties recognise that information and communication technologies constitute a key element of modern society, vital to economic and social development, and a cornerstone of the emerging information society.

2. Cooperation in this field shall aim at :

- (a) a dialogue on the various aspects of the information society, including telecommunications policies,
- (b) exchanges of information and technical assistance on regulatory matters, standardisation, conformity tests and certification as regards information technology and telecommunications technology,
- (c) dissemination of new information and telecommunications technology, and of updated facilities for advanced communications, information services and technology,
- (d) promotion and implementation of joint projects for research, technical development and industrial applications in information technologies, communications, telematics and the information society,
- (e) the participation of Lebanese organisations in pilot projects and European programmes within the established frameworks,
- (f) interconnection and interoperability between Community telematic networks and services and those of Lebanon,
- (g) a dialogue on regulatory cooperation on international services, including aspects relating to protection of data and privacy.

ARTICLE 54

Energy

Cooperation shall focus on:

- (a) promotion of renewable energy;
- (b) promotion of energy-saving and energy efficiency;
- (c) applied research relating to networks of databases linking the two Parties' economic and social operators;
- (d) supporting modernisation and development of energy networks and the interconnection of such networks with Community networks.

ARTICLE 55

Tourism

Cooperation shall aim to:

- (a) promote investment in tourism,
- (b) improve the knowledge of the tourist industry and ensure greater consistency of policies affecting tourism,

- (c) promote a good seasonal spread of tourism,
- (d) highlight the importance of the cultural heritage for tourism,
- (e) ensure that the interaction between tourism and the environment is suitably maintained,
- (f) make tourism more competitive through support for increased standards and professionalism,
- (g) enhance information flows,
- (h) intensify training activities in hotel management and administration, and training in other hotel trades,
- (i) organise exchanges of experience so as to ensure balanced, sustainable development of tourism, notably through exchanges of information, exhibitions, conventions and publications on tourism.

ARTICLE 56

Customs cooperation

1. The Parties shall develop customs cooperation to ensure that the provisions on trade are observed. For this purpose they shall establish a dialogue on customs matters.
2. Cooperation will focus in particular on:
 - (a) the simplification of controls and procedures concerning the customs clearance of goods,

- (b) the possibility of interconnection between the transit systems of the Community and of Lebanon,
- (c) the exchange of information among experts and vocational training;
- (d) technical assistance where appropriate.

3. Without prejudice to other forms of cooperation provided for in this Agreement, particularly in the fields of combating drug abuse and money laundering, the Contracting Parties' administrative authorities shall provide mutual assistance in accordance with the terms of Protocol 5.

ARTICLE 57

Cooperation in statistics

The aim of cooperation shall be to harmonise methodology used by the Parties and to put to use data, including data-banks, on all areas covered by this Agreement for which statistics can be collected.

ARTICLE 58

Consumer protection

Cooperation in this field should be geared to making consumer protection schemes in the Community and Lebanon compatible and should, as far as possible, involve:

- (a) increasing the compatibility of consumer legislation in order to avoid barriers to trade,

- (b) establishment and development of systems of mutual information on dangerous food and industrial products and interconnecting them (rapid alert systems),
- (c) exchanges of information and experts,
- (d) organising training schemes and supplying technical assistance.

ARTICLE 59

Cooperation in reinforcement of institutions and rule of law

The Parties reiterate the importance of the rule of law and the proper functioning of institutions at all levels in the areas of administration in general, and law enforcement and the machinery of justice in particular. An independent and effective judiciary and well-trained legal profession are of particular importance in this context.

ARTICLE 60

Money laundering

1. The Parties agree on the necessity of making every effort to cooperate to prevent the use of their financial systems for laundering of proceeds from criminal activities in general and drug offences in particular.
2. Cooperation in this area may include administrative and technical assistance aimed at establishing effective standards and their efficient implementation in the area of combating money laundering in line with international standards.

ARTICLE 61

Prevention and fight against organised crime

1. The Parties agree to cooperate in order to prevent and fight organised crime, in particular in the following fields: human trafficking; exploitation for sexual purposes; corruption; the counterfeit of financial instruments; the illicit traffic of prohibited, counterfeited or pirated products and of illegal transactions concerning in particular industrial refuse or radioactive material; the trafficking of firearms and explosives; computer criminality; stolen cars.
2. Parties shall cooperate closely in order to establish appropriate mechanisms and standards.
3. Technical and administrative cooperation in this field will include training and the strengthening of the effectiveness of the authorities and structures responsible for fighting and for preventing criminality and the formulation of measures for crime prevention.

ARTICLE 62

Cooperation on illicit drugs

1. Within their respective powers and competencies, the Parties shall cooperate to ensure a balanced and integrated approach towards drugs. Drug policies and actions shall be aimed at reducing the supply, trafficking and demand of illicit drugs as well as at a more effective control of precursors.

2. The Parties shall agree on the necessary methods of cooperation to attain these objectives. Actions shall be based on commonly agreed principles along the lines of the five basic principles endorsed at the United Nations General Assembly Special Session on Drugs of 1998 (UNGASS).

3. Cooperation between the Parties may comprise technical and administrative assistance in particular in the following areas: drafting of national legislation and policies; establishment of institutions and information centres; training of personnel; drug related research; and the prevention of diversion of precursors used for the illicit manufacture of drugs. The Parties may agree to include other areas.

TITLE VI

COOPERATION IN SOCIAL AND CULTURAL MATTERS

CHAPTER 1

DIALOGUE AND COOPERATION IN THE SOCIAL FIELD

ARTICLE 63

The two Parties shall decide together on the methods needed to achieve cooperation in the fields covered by this Title.

ARTICLE 64

1. The Parties shall conduct regular dialogue on any social matter which is of interest to them.
2. This dialogue shall be used to find ways to achieve progress in the field of movement of workers and equal treatment and social integration of Lebanese and Community nationals legally residing in the territories of their host countries.
3. The dialogue shall notably cover all issues related to:
 - (a) the living and working conditions of the migrant communities;
 - (b) migration;
 - (c) illegal immigration;
 - (d) schemes and programmes to encourage equal treatment between Lebanese and Community nationals, mutual knowledge of cultures and civilisations, the furthering of tolerance and the removal of discrimination.

ARTICLE 65

1. With a view to consolidating cooperation between the Parties in the social field, projects and programmes shall be carried out in any area of interest to them, including:
 - (a) improving living conditions, particularly in disadvantaged areas and areas whose population has been displaced;

- (b) promoting the role of women in the economic and social development process, particularly through education and the media;
- (c) bolstering and developing Lebanon's family planning and mother and child protection programmes;
- (d) improving the social security and health insurance systems,
- (e) improving the health care system, notably through cooperation in the field of public health and prevention, health security and medical training and management;
- (f) implementing and financing exchange and leisure programmes for mixed groups of Lebanese and European young people, youth workers, youth NGO representatives, and other experts in the youth field residing in the Member States, with a view to promoting mutual knowledge of their respective cultures and fostering tolerance.

2. The Parties shall engage in a dialogue on all aspects of mutual interest, and particularly on social problems such as unemployment, rehabilitation of the less able-bodied, equal treatment for men and women, labour relations, vocational training, safety and health at work.

ARTICLE 66

Cooperation schemes may be carried out in coordination with Member States and relevant international organisations.

CHAPTER 2

COOPERATION IN CULTURAL MATTERS, AUDIOVISUAL MEDIA AND INFORMATION

ARTICLE 67

1. The Parties agree to promote cultural cooperation in fields of mutual interest and in a spirit of respect for each other's cultures. They shall establish a sustainable cultural dialogue. This cooperation shall promote in particular:
 - (a) conservation and restoration of historic and cultural heritage (monuments, sites, artefacts, rare books and manuscripts, etc.),
 - (b) exchange of art exhibitions and artists,
 - (c) training of persons working in the cultural field.
2. Cooperation in the field of audiovisual media shall seek to encourage cooperation in such areas as co-production and training. The Parties shall seek ways to encourage Lebanese participation in Community initiatives in this sector.
3. The Parties agree that existing cultural programmes of the Community and of one or more of the Member States and further activities of interest to both sides, can be extended to Lebanon.

4. The Parties shall in addition, work to promote cultural cooperation of a commercial nature, particularly through joint projects (production, investment and marketing), training and exchange of information.
5. The Parties shall, in identifying cooperation projects, programmes and joint activities, give special attention to young people, self-expression, heritage conservation issues, the dissemination of culture, and communication skills using written and audiovisual media.
6. Cooperation shall be implemented in the way set out in Article 42.

CHAPTER 3

COOPERATION FOR THE PREVENTION AND CONTROL OF ILLEGAL IMMIGRATION

ARTICLE 68

1. The Parties agree to cooperate in order to prevent and control illegal immigration. To this end:
 - (a) each of the Member States agrees to readmit any of its nationals present on the territory of Lebanon, upon request by the latter and without further formalities once such persons have been positively identified as such,

- (b) Lebanon agrees to readmit any of its nationals illegally present on the territory of a Member State, upon request by the latter and without further formalities once such persons have been positively identified as such.

The Member States and Lebanon will also provide their nationals with appropriate identity documents for such purposes.

2. In respect of the Member States of the European Union, the obligation in this Article applies only in respect of those persons who are to be considered their nationals for Community purposes in accordance with the Treaty establishing the European Community.
3. In respect of Lebanon, the obligation in this Article applies only in respect to those persons who are considered Lebanese in accordance to the Lebanese legal system and all the relevant laws concerning citizenship.

ARTICLE 69

1. After the entry into force of this Agreement, the Parties, at the request of any of them, shall negotiate and conclude bilateral agreements with each other, regulating specific obligations for the readmission of their nationals. These agreements shall also cover, if deemed necessary by any of the Parties, arrangements for the readmission of third country nationals. Such agreements will lay down details about categories of persons covered by these arrangements as well as the modalities of their readmission.
2. Adequate financial and technical assistance to implement these agreements may be provided to Lebanon.

ARTICLE 70

The Association Council shall examine what other joint efforts can be made to prevent and control illegal immigration.

TITLE VII

FINANCIAL COOPERATION

ARTICLE 71

1. With a view to full attainment of this Agreement's objectives, financial cooperation shall be considered for Lebanon in line with the appropriate financial procedures and resources.
2. These procedures shall be adopted by mutual agreement between the Parties by means of the most suitable instruments once this Agreement enters into force.
3. In addition to the areas covered by Titles V and VI of this Agreement, cooperation may entail *inter alia*:
 - (a) facilitating reforms aimed at modernising the economy,
 - (b) rebuilding and updating economic infrastructure,
 - (c) promoting private investment and job creation activities,

- (d) taking into account the effects of the progressive introduction of a free trade area on the Lebanese economy, in particular where the updating and restructuring of the affected economic sectors, especially industry, is concerned,
- (e) flanking measures for policies implemented in the social sectors, particularly for reform of social security.

ARTICLE 72

Within the framework of Community instruments intended to buttress structural adjustment programmes in the Mediterranean countries – and in close coordination with the Lebanese authorities and other contributors, in particular the international financial institutions – the Community will examine suitable ways of supporting structural policies carried out by Lebanon to restore financial equilibrium in all its key aspects and create an economic environment conducive to boosting growth, while at the same time enhancing social welfare.

ARTICLE 73

In order to ensure a coordinated approach to dealing with the exceptional macroeconomic and financial problems which could stem from the progressive implementation of this Agreement, the Parties shall closely monitor the development of trade and financial relations between the Community and Lebanon as part of the regular economic dialogue established under Title V.

TITLE VIII

INSTITUTIONAL, GENERAL AND FINAL PROVISIONS

ARTICLE 74

1. An Association Council is hereby established which shall meet at ministerial level when circumstances require, on the initiative of its Chairman and in accordance with the conditions laid down in its rules of procedure.
2. The Association Council shall examine any major issues arising within the framework of this Agreement and any other bilateral or international issues of mutual interest.

ARTICLE 75

1. The Association Council shall consist of the members of the Council of the European Union and members of the Commission of the European Communities, on the one hand, and of members of the Government of Lebanon, on the other.
2. Members of the Association Council may arrange to be represented, in accordance with the provisions laid down in its rules of procedure.
3. The Association Council shall establish its rules of procedure.

4. The Association Council shall be chaired in turn by a member of the Council of the European Union and a member of the Government of Lebanon in accordance with the provisions laid down in its rules of procedure.

ARTICLE 76

1. The Association Council shall, for the purpose of attaining the objectives of this Agreement, have the power to take decisions in the cases provided for therein.
2. The decisions taken shall be binding on the Parties, which shall take the measures necessary to implement the decisions taken. The Association Council may also make appropriate recommendations.
3. The Association Council shall draw up its decisions and recommendations by agreement between the two Parties.

ARTICLE 77

1. Subject to the powers of the Association Council, an Association Committee is hereby established which shall be responsible for the implementation of this Agreement.
2. The Association Council may delegate to the Association Committee, in full or in part, any of its powers.

ARTICLE 78

1. The Association Committee, which shall meet at the level of officials, shall consist of representatives of members of the European Union and of the Commission of the European Communities, on the one hand, and of representatives of the Government of Lebanon, on the other.
2. The Association Committee shall establish its rules of procedure.
3. The Association Committee shall normally meet alternately in the Community and in Lebanon.

ARTICLE 79

1. The Association Committee shall have the power to take decisions for the management of this Agreement as well as in the areas in which the Association Council has delegated its powers to it.
2. The Association Committee shall draw up its decisions by agreement between the Parties. These decisions shall be binding on the Parties, which shall take the measures necessary to implement the decisions taken.

ARTICLE 80

The Association Council may decide to set up any working group or body necessary for the implementation of this Agreement. It shall define the terms of reference of any such working group or body that shall be subordinated to it.

ARTICLE 81

The Association Council shall take all appropriate measures to facilitate cooperation and contacts between the European Parliament and the Lebanese Parliament, and between the Economic and Social Committee of the Community and its counterpart in Lebanon.

ARTICLE 82

1. Each of the Parties may refer to the Association Council any dispute relating to the application or interpretation of this Agreement.
2. The Association Council may settle the dispute by means of a decision.
3. Each Party shall be bound to take the measures involved in carrying out the decision referred to in paragraph 2.
4. In the event of it not being possible to settle the dispute in accordance with paragraph 2, either Party may notify the other of the appointment of an arbitrator; the other Party must then appoint a second arbitrator within two months. For the application of this procedure, the Community and the Member States shall be deemed to be one Party to the dispute.

The Association Council shall appoint a third arbitrator.

The arbitrators' decisions shall be taken by majority vote.

Each Party to the dispute must take the steps required to implement the decision of the arbitrators.

ARTICLE 83

Nothing in this Agreement shall prevent a Party from taking any measures:

- (a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;
- (b) which relate to the production of, or trade in, arms, munitions or war materials or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;
- (c) which it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension constituting threat of war or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

ARTICLE 84

In the fields covered by this Agreement, and without prejudice to any special provisions contained therein:

- (a) the arrangements applied by Lebanon in respect of the Community shall not give rise to any discrimination between the Member States, their nationals, or their companies or firms,
- (b) the arrangements applied by the Community in respect of Lebanon shall not give rise to any discrimination between Lebanese nationals or its companies or firms.

ARTICLE 85

As regards direct taxation, nothing in this Agreement shall have the effect of:

- (a) extending the fiscal advantages granted by either Party in any international agreement or arrangement by which it is bound,
- (b) preventing the adoption or application by either Party of any measure aimed at preventing fraud or the evasion of taxes,
- (c) opposing the right of either Party to apply the relevant provisions of its tax legislation to taxpayers who are not in an identical situation, in particular as regards their place of residence.

ARTICLE 86

1. The Parties shall take any general or specific measures required to fulfil their obligations under this Agreement. They shall see to it that the objectives set out in this Agreement are attained.
2. If either Party considers that the other Party has failed to fulfil an obligation under this Agreement, it may take appropriate measures. Before so doing, except in cases of special urgency, it shall supply the Association Council with all the relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.
3. In the selection of the appropriate measures referred to in paragraph 2, priority must be given to those which least disturb the functioning of this Agreement. The Parties also agree that these measures shall be taken in accordance with international law and shall be proportional to the violation.

These measures shall be notified immediately to the Association Council and shall be the subject of consultations within the Association Council if the other Party so requests.

ARTICLE 87

Annexes 1 and 2 and Protocols 1 to 5 shall form an integral part of this Agreement.

ARTICLE 88

For the purposes of this Agreement, "Parties" shall mean, on the one hand, the Community, or the Member States, or the Community and its Member States, in accordance with their respective powers, and Lebanon, on the other hand.

ARTICLE 89

1. This Agreement shall be concluded for an unlimited period.
2. Either Party may denounce this Agreement by notifying the other Party. This Agreement shall cease to apply six months after the date of such notification.

ARTICLE 90

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of Lebanon.

ARTICLE 91

This Agreement is drawn up in duplicate in the Arabic, Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish, and Swedish languages, each of these texts being equally authentic. It shall be deposited with the General Secretariat of the Council of the European Union.

ARTICLE 92

1. This Agreement shall be approved by the Parties in accordance with their own procedures.
2. This Agreement shall enter into force on the first day of the second month following the date on which the Parties notify each other that the procedures referred to in paragraph 1 have been completed.
3. Upon its entry into force, this Agreement shall replace the Cooperation Agreement between the European Economic Community and the Republic of Lebanon and the Agreement between the Member States of the European Coal and Steel Community and Lebanon, signed in Brussels on 3 May 1977.

ARTICLE 93

Interim Agreement

In the event that, pending the completion of the procedures necessary for the entry into force of this Agreement, the provisions of certain parts of this Agreement, in particular those relating to the free movement of goods, are put into effect by means of an Interim Agreement between the Community and Lebanon, the parties agree that, in such circumstances, for the purposes of Titles II and IV of this Agreement and Annexes 1 and 2 and Protocols 1 to 5 thereto, the terms "date of entry into force of this Agreement" mean the date of entry into force of the Interim Agreement in relation to obligations contained in these Articles, Annexes and Protocols.