

## **FREE TRADE AGREEMENT BETWEEN TURKEY AND POLAND**

### Questions and Replies

This document reproduces questions addressed to the Parties and the responses submitted. The questions and replies set out below are organized in accordance with document WT/REG107/3.

#### **I. BACKGROUND INFORMATION ON THE AGREEMENT**

##### **3. Scope**

**How did the Parties establish which agricultural products would be included in the Agreement?**

Parties agreed to provide each other concessions on selected agricultural products based on their historical trade performance and interests. The evolutionary clause enables Parties to expand the scope of the agricultural products subjected to concessions.

**Has consideration been given to the inclusion of further agricultural products within the FTA and if so, is there a timetable for advancing these discussions?**

The evolutionary clause (Article 32) provides Parties legal base to expand list of agricultural products subjected to the concession. There is not an explicit timetable for advancing these discussions. For the sake of clarity it is useful to point out that none of the agricultural products is excluded from the scope of the Agreement. However for the time being, some of them has been subjected to the preferences, as the rest will be considered at later stages.

**Are any particular sectors excluded?**

No particular sector is excluded.

##### **4. Trade Data**

**The Parties state (WT/REG107/3) that this Agreement covers all trade in industrial products and a number of agricultural, processed agricultural, and fishery products. Thank you for the statistics provided (Annex WT/REG107/3). For clarification, what percentage of total tariff line items (at the eight-digit level) are covered?**

Since the Agreement does not exclude any of the products, above statement in WT/REG/107/3 should accordingly be reformulated as "Agreement provides elimination of duties on all industrial products and preferential duty rates on a number of agricultural, processed agricultural and fishery products. However, the scope of the preferences is not static and subject to expansion

when mutually agreed. Turkey understands the principle of “substantially all trade” relates to the “trade flow” not necessarily the “sectors” (goods) and also is one of the systemic issues that can not be solved in this particular FTA case.

**Could each of the Parties provide information to the Committee on the percentage of each Parties' total trade covered by preferences - beyond just this Agreement ?**

It is difficult to understand the relevance of this question with the examination of this particular FTA between Turkey and Poland in CRTA Committee. However, roughly 55 per cent of Turkey's imports benefit from preferences, mainly duty free treatment, provided in the Customs Union established with European Union and FTAs signed with a group of countries (please see the answer to question (c) under Section II.3).

Seventy-seven per cent of the Polish imports benefit from preferences, mainly duty free treatment, provided in Europe Agreement, CEFTA, FTA with Israel, FTA with EFTA countries, FTA with Lithuania, FTA with Latvia and FTA with Estonia.

**Could the Parties please update the Annex in WT/REG107/3 by providing data on imports of Turkey from Poland for the year 2000.**

Data is being circulated in document WT/REG107/3/Add.1.

## **II. TRADE PROVISIONS**

### **1. Import restrictions**

**Please provide additional information on the products for which duties are being eliminated and on the products on which duties and other restrictive regulations of commerce remain.**

The Agreement between Turkey and Poland had been notified to the Secretariat on 14 July 2000 and the text had been published in the document WT/REG107/1, Annexes and protocols had been submitted to the secretariat for consultations by the interested Members. Details of elimination of duties or preferential rates on product basis can be seen in the annexes of the Agreement submitted to the Secretariat. No restrictive regulation of commerce exists.

**Since all quantitative restrictions and measures on industrial goods have been abolished (WT/REG107/3), which agricultural products are subject to tariff-rate quotas (TRQs)? What amounts are provided? Do amounts increase from year to year? Is this tonnage in addition to the amounts agreed in the Uruguay Round?**

Agricultural product subjected to TRQs, and their tonnage can be seen in the annexes of the agreement (Protocol 2). Amounts do not increase from year to year unless otherwise agreed in Joint Committee of the FTA.

The tonnage agreed under the FTA with Turkey is in addition to the amounts specified in Poland's TRQs in the Uruguay Round for such products like cucumbers (0707), bay leaves (091040), wine of fresh grapes (2204). Turkey did not open TRQs in the Uruguay Round.

### **3. Rules of origin**

**With respect to the pan-European rules of origin:**

- (a) **How do the pan-European rules of origin in this agreement interface with preferential agreements that Turkey and Poland have with other European countries?**

Detailed information about the system can be found in document WT/REG/GEN/N/1. The framework of existing FTA remains unchanged. Only necessary amendments are made to make the protocol operative under the terms of Pan-European Cumulation of Origin.

- (b) **Can the Parties please list all the countries which benefit from this system of rules of origin or any cumulation provisions, respectively, in connection with imports entered under the provisions of this agreement?**

The European Union, Bulgaria, the Czech Republic, Hungary, Iceland, Liechtenstein, Norway, Poland, Romania, the Slovak Republic, Slovenia and Switzerland are Parties to this origin network. As of 1 January 1999, Turkey became a Party to the Pan-European System of Cumulation of Origin.

- (c) **With which other countries do Turkey and Poland, respectively, have free trade arrangements or customs unions?**

Turkey has Customs Union with the EU and FTA Agreements with EFTA States, Poland, Hungary, Romania, Bulgaria, Czech Republic, Slovak Republic, Slovenia, Lithuania, Latvia, Estonia, Macedonia and Israel.

Poland has the following agreements:

1. Europe Agreement with European Communities
2. Central European Free Trade Agreement (the Czech Republic, the Slovak Republic, Hungary, Slovenia, Romania, Bulgaria)
3. FTA with EFTA countries
4. FTA with Lithuania
5. FTA with Latvia
6. FTA with Estonia
7. FTA with Israel
8. FTA with Turkey

#### **4. Standards**

**Can the Parties produce more information on the nature of the agreement for mutual recognition in the field of conformity assessment? Does the agreement employ PECA standards? Would such arrangement be an amendment or part of this Agreement, or separate?**

So far, no progress has been made in this field. Any possible developments regarding the technical regulations within the framework of the Agreement will be in compliance with the provisions of the WTO Agreement on Technical Barriers to Trade. The agreement does not involve in employing PECA standards.

#### **5. Safeguards**

**Please explain how safeguard actions are applied in context of this Agreement. The Agreement provides for the use of safeguard measures intra-FTA for dumping, emergency action on imports of particular products, re-export and serious shortage, provisions concerning rules of competition, State-aid, and balance of payment difficulties (conforming to GATT and**

**IMF conditions). Does this Agreement provide for any special conditions or preferential treatment between the Parties in the application of global safeguard measures?**

Bilateral safeguard measures are applied in the same way as global safeguard measures are applied. However, according to the Agreement, the Parties shall endeavour to solve any dispute between them through direct consultations before initiating the procedure for safeguard measures. Article 30 (8) states that “the safeguard measures taken will be in accordance with the rights and obligations arising out of the GATT 1994 and the Agreement establishing WTO”. The agreement does not provide for any special conditions or preferential treatment between the Parties. Since the entry into force of the Agreement no safeguard action has been taken.

**Have any safeguard measures been taken (under Articles 20, 21, 24, 26 and 28) – if so on what products and what measures were taken?**

No safeguard measure has been taken up until now.

## **7. Subsidies and State-aid**

**Has any progress been made in developing rules on the granting of State-aid and are any details available on the rules (according to Article 21.1 a Joint Committee of the FTA was to develop these rules)?**

Article 21.1 lays down the types of aids that are incompatible with the Agreement. The other paragraphs of the Article 21 relate to exchange of information, measures to be taken and conformity to the WTO rules on the Agreement on Subsidies and Countervailing Measures etc. In this vein, there is no specific provision in the Agreement regarding the development of the rules on granting aid by the Joint Committee of the FTA.

## **8. Sector-specific provisions**

### **8.1 Agriculture**

**Could the Parties please provide details on the specific agricultural product lines which face zero duties, less than MFN rates or MFN rates.**

The Agreement between Turkey and Poland had been notified to the secretariat on 14 July 2000 and the text had been published in the document WT/REG107/1, Annexes and protocols had been submitted to the Secretariat for consultations by the interested Members. Therefore, specific agricultural products subjected to zero or reduced duties may be seen in Protocol II that sets forth concessions on agricultural products.

**It can be noticed that a substantial portion of agricultural imports are only being reduced to preferential rates. What is the margin of preference? Is there a schedule for duty elimination on these products to a zero-duty rate?**

Agricultural imports from Poland in the year 2000 constitute only 2.3 per cent of total imports from Poland, of which 23 per cent benefits from duty free treatment and 65 per cent benefits from reduced rate of duties. There is not an explicit schedule for duty elimination for these products. However, the evolutionary clause (Article 32) provides Parties legal base to expand list of agricultural products subjected to the concession.

Agricultural imports from Turkey in year 2000 constitute 13.8 per cent of total imports from Turkey, of which 25.3 per cent benefits 0 per cent duty treatment, 25.2 per cent benefits reduced rate of duty and 49.5 per cent MFN duty rate.

**9. Other**

**With respect to public procurement, what is the status of current Turkish and Polish efforts to open up their procurement processes?**

A draft Law regarding the public procurement that proposes substantial improvement to the existing one is at the agenda of the National Assembly. Details on the particulars of this draft Law can be provided as long as it is ratified.

Pursuant to the provisions of the law on public procurement dated 10 June 1994 (Article 18) both domestic and foreign entities participate in public procurement in Poland on equal rights, with exception of situations, where the national preferences principle is applied. Further opening of the procurement process will follow in function of the future evolution of the Polish legislation on procurement.

**Which public monopolies are subject to the provisions of the Agreement? Which products are currently subject to state monopolies?**

The provision of the Agreement relating to state monopolies do not address any specific sector in which monopoly dominates.

In Turkey alcohol and alcoholic beverages, tobacco and tobacco products were subjected to the state monopolies until recently. However, monopoly on alcohol and alcoholic beverages has been removed on January 2001 and most recently the Law that stipulates the privatisation of the state monopoly and inherently removes prevalence of the monopoly on the trade in tobacco and tobacco products is at the final stage of ratification.

No products are subject to State monopolies in Poland.

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