

INTERIM AGREEMENT BETWEEN SLOVENIA AND THE EUROPEAN COMMUNITIES

Questions and Replies

This document reproduces additional questions addressed to the Parties and the joint responses provided by them. The questions and replies are organised in accordance with documents WT/REG/32/2 and WT/REG/32/4.

I. BACKGROUND INFORMATION ON THE AGREEMENT

4. Trade Data

According to the Standard Format for Information on Regional Trade Agreements (WT/REG/W/6), data on intra and extra-trade should be made available. In this regard, we have asked for an assessment of the trade creation and trade diversion effects of the Agreement and would hope that answers to such questions will be provided in good faith. In particular, we are interested in the data on trade with third countries, according to the major products, starting from the years prior to the Agreement through to the most recent period.

No studies have been undertaken of the trade creation and trade diversion effects of the Agreement. The attached Statistical Annex provides additional statistical data on trade flows between the Parties and on EU trade with third countries.

II. TRADE PROVISIONS

1. Import Restrictions

In document WT/REG/32/2, the Parties stated that they have abolished all quantitative import restrictions. However, we understand that there remain import quotas. In this context, we would like to request more detailed information on the operation of any remaining preferential import quotas in favour of the Parties.

Under the Agreement, all quantitative import restrictions on trade between the Parties were abolished at the latest by 1 January 1998. A number of tariff quotas apply to imports of certain agricultural and fisheries products. (The specific tariff concessions concerned are identified in Annexes VI, VII, VIII(a) and VIII(b) and in Protocol 3.)

Have the Parties introduced any new quantitative restrictions or preferential import quotas on the formation of the free-trade area?

No.

3. Rules of Origin

We would appreciate receiving further details on the operation of the pan-European system of cumulation of origin.

Further information on the system of cumulation was presented to the CRTA at its meeting on 23 September 1998, under a specific agenda item for that purpose.

7. Subsidies and State-aid

Could the Parties explain the rationale for exempting trade in agriculture and fisheries from the provisions on subsidies and state aids? Do other rules apply in these sectors?

This exemption reflects the policy objectives and principles followed by the EC and Slovenia in their respective agricultural and fisheries policies. For the EC, the principles of the Common Agricultural Policy, set out in the Treaty of Rome, may necessitate derogation from normal EC competition rules in order to ensure their achievement. (For information, the CAP principles are increase of agricultural productivity; fair standard of living for the agricultural community; guarantee of food supplies; stabilisation of markets and provision of consumers with reliable food supplies at reasonable prices.)

8. Sector-specific Provisions

(a) Textiles

Do the Parties retain the right to impose quantitative limits for trade in textiles? Are any quantitative limits in place at the moment?

There are no quantitative limits for trade in textiles in place at the moment and the Parties do not have the right to impose new limits under the Agreement.

(c) Agricultural, processed agricultural and fishery products

Is Slovenia's share of the former global tariff quota granted to Yugoslavia for wine duty free? If not, what is the in-quota tariff rate? What is the out-of-quota tariff rate?

The global tariff quota of 545,000 hl previously allocated to the former Yugoslavia remains in effect. The tariff quota is operated on a first-come, first-served basis. The in-quota rate is duty-free; the current out-of-quota rate (for the period 1 July 1998 – 31 December 1998) is the conventional bound duty of 34.7 ECU per hectolitre. No agreement between the Parties has yet been reached on a specific duty-free tariff quota for Slovenia.

The Parties say in WT/REG32/4 that full liberalisation in processed agricultural products "is not immediately foreseen". What is the timetable for full liberalisation?

The Agreement provides for consultations between the Parties on the scope for further concessions, including on processed agricultural products. In this context, it should be noted that the

eventual accession of Slovenia to the European Union, negotiations for which are underway, will result in full liberalisation of trade in these products.

Could the Parties reply to the question already asked on whether substantial barriers to trade in agriculture and fisheries will remain by 1 January 2003? If so, can the Parties comment on how the provisions on agriculture and fisheries would be compatible with the requirement of Article XXIV:8(b)?

Quantitative import restrictions on agricultural products, and measures having equivalent effect, were abolished on trade between the Parties from the date of entry into force of the Agreement (1 January 1997). Specific tariff concessions applicable to trade in agricultural and fisheries products are identified in Annexes VI, VII, VIII(a) and VIII(b) and in Protocol 3. The Agreement provides the Parties with a regular opportunity to examine the scope for further concessions. Moreover, the provisions of the Agreement are liable to be overtaken in the medium term by the completion of negotiations for the accession of Slovenia to the EU.

The Parties have already expressed their firm opinion that the Agreement is consistent with the provisions of Article XXIV:8(b) as duties and other restrictive regulations of commerce will be eliminated on substantially all the trade between the Parties.

STATISTICAL ANNEX

EC/Slovenia: Interim Agreement

Additional Trade Data

Note: The following tables show the development of trade between the EU and Slovenia over the period 1993-97. For ease of comparison, figures are also given for the development of EC trade with third countries.

Table 1

SHARE OF SLOVENIA IN TOTAL EU TRADE 1993-97 (Billion ECU)

Year	Extra-EU			Slovenia		
	Exports	Imports	Total	Exports	Imports	Total
1993	409.1	445.8	854.9	2.6	2.5	5.1
1994	453.5	489.6	943.1	3.2	3.1	6.3
1995	476.8	491.8	968.6	4.6	3.9	8.5
1996	523.5	522.8	1046.3	4.8	4	8.8
1997	608.2	604.3	1212.5	5.9	4.4	10.3

Table 2

SHARE OF SLOVENIA IN TOTAL EU TRADE 1993-97 (%)

Year	Extra-EU			Slovenia		
	Exports	Imports	Total	Exports	Imports	Total
1993	47.85%	52.15%	100.00%	0.30%	0.29%	0.60%
1994	48.09%	51.91%	100.00%	0.34%	0.33%	0.67%
1995	49.23%	50.77%	100.00%	0.47%	0.40%	0.88%
1996	50.03%	49.97%	100.00%	0.46%	0.38%	0.84%
1997	50.16%	49.84%	100.00%	0.49%	0.36%	0.85%

Source: Eurostat COMEXT

Table 3: EU Exports to Extra-EU and Slovenia 1993-97 by HS Section

EU TRADE BY HS SECTION	EU EXPORTS TO EXTRA-EU										EU EXPORTS TO SLOVENIA									
	MECU					1993 = 100				97 % share	MECU					1993 = 100				97 % share
	1993	1994	1995	1996	1997	1994	1995	1996	1997		1993	1994	1995	1996	1997	1994	1995	1996	1997	
I animals & animal products	8,401	8,933	9,652	9,768	10,564	106	115	116	126	2%	22	38	39	26	38	173	177	118	173	1%
II vegetable products	8,406	8,386	7,917	8,311	9,341	100	94	99	111	2%	45	64	83	97	105	142	184	216	233	2%
III animal or vegetable fats	1,375	1,628	2,098	1,906	2,250	118	153	139	164	0%	3	5	13	6	18	167	433	200	600	0%
IV prepared foodstuffs	17,212	18,663	18,157	19,371	22,174	108	105	113	129	4%	82	97	154	163	163	118	188	199	199	3%
V mineral products	16,503	17,565	14,534	16,393	18,550	106	88	99	112	3%	43	69	78	114	155	160	181	265	360	3%
VI chemical products	47,774	53,168	53,654	60,026	71,897	111	112	126	150	12%	192	228	379	358	459	119	197	186	239	8%
VII plastics & rubber	17,426	19,898	19,775	21,327	25,658	114	113	122	147	4%	122	161	294	330	401	132	241	270	329	7%
VIII hides & skins	4,361	5,361	5,709	6,721	6,911	123	131	154	158	1%	44	46	57	53	53	105	130	120	120	1%
IX wood & wood products	2,117	2,535	3,681	3,990	4,862	120	174	188	230	1%	24	31	74	67	88	129	308	279	367	2%
X wood pulp products	10,751	12,156	17,517	17,625	19,484	113	163	164	181	3%	69	87	208	186	198	126	301	270	287	3%
XI textiles & textile articles	22,271	25,109	23,544	25,549	28,724	113	106	115	129	5%	178	219	302	332	386	123	170	187	217	7%
XII footwear, headgear	4,522	5,309	5,003	5,611	5,938	117	111	124	131	1%	36	40	56	62	65	111	156	172	181	1%
XIII articles of stone, plaster, cement, asbestos	8,541	9,673	9,932	10,725	12,293	113	116	126	144	2%	46	67	101	118	145	146	220	257	315	2%
XIV pearls, precious or semiprecious stones, metals	13,856	15,044	14,893	16,308	18,643	109	107	118	135	3%	4	4	5	3	12	100	125	75	300	0%
XV base metals & articles thereof	32,610	35,323	35,522	38,191	42,755	108	109	117	131	7%	194	255	445	447	581	131	229	230	299	10%
XVI machinery & mechanical appliances	117,424	131,391	146,566	165,167	191,376	112	125	141	163	31%	556	680	1,038	1,088	1,386	122	187	196	249	24%
XVII transportation equipment	40,752	44,936	48,471	53,548	66,229	110	119	131	163	11%	488	579	726	726	846	119	149	149	173	14%
XVIII instruments - measuring, musical	16,481	17,861	18,696	20,414	23,977	108	113	124	145	4%	54	65	114	112	133	120	211	207	246	2%
XIX arms & ammunition	756	741	774	1,018	1,249	98	102	135	165	0%	0	1	1	0	0					0%
XX miscellaneous	9,999	11,368	11,968	12,838	14,576	114	120	128	146	2%	57	84	146	182	243	147	256	319	426	4%
XXI works of art	2,159	2,360	2,380	2,204	2,816	109	110	102	130	0%	1	0	1	1	0	0	100	100	0	0%
Others (outside HS 01-97)	5,452	6,058	6,315	6,481	7,908	111	116	119	145	1%	336	362	307	352	377	108	91	105	112	6%
TOTAL	409,149	453,466	476,758	523,492	608,175	111	117	128	149	100%	2,596	3,182	4,621	4,823	5,852	123	178	186	225	100%

Note: 1993-95 EU 12, 1996-97 EU 15

Source: Eurostat COMEXT

Table 4: EU Imports from Extra-EU and Slovenia 1993-97 by HS Section

	EU IMPORTS FROM EXTRA-EU										EU IMPORTS FROM SLOVENIA									
EU TRADE BY HS SECTION	MECU					1993 = 100				97 % share	MECU					1993 = 100				97 % share
HS Section	1993	1994	1995	1996	1997	1994	1995	1996	1997		1993	1994	1995	1996	1997	1994	1995	1996	1997	
I animals & animal products	9,443	10,176	10,223	10,751	11,994	108	108	114	127	2%	23	18	14	11	16	78	61	48	70	0%
II vegetable products	16,669	20,027	22,918	22,870	24,981	120	137	137	150	4%	16	12	7	7	6	75	44	44	38	0%
III animal or vegetable fats	1,575	2,033	2,296	1,888	1,861	129	146	120	118	0%	2	1	1	0	1	50	50	0	50	0%
IV prepared foodstuffs	14,815	16,122	15,672	17,841	18,106	109	106	120	122	3%	18	16	19	25	24	89	106	139	133	1%
V mineral products	69,968	71,926	73,138	84,566	93,793	103	105	121	134	16%	5	4	10	14	13	80	200	280	260	0%
VI chemical products	27,386	31,717	34,159	36,141	41,988	116	125	132	153	7%	56	97	136	112	125	173	243	200	223	3%
VII plastics & rubber	13,195	15,074	16,294	16,326	18,347	114	123	124	139	3%	112	125	180	185	200	112	161	165	179	5%
VIII hides & skins	5,741	7,012	7,065	7,358	8,204	122	123	128	143	1%	51	70	65	66	78	137	127	129	153	2%
IX wood & wood products	10,953	13,226	9,880	9,092	10,934	121	90	83	100	2%	149	178	228	200	203	119	153	134	136	5%
X wood pulp products	17,417	20,306	12,489	10,921	11,733	117	72	63	67	2%	117	144	217	177	190	123	185	151	162	4%
XI - textiles & textile articles	35,943	38,683	38,522	40,250	47,850	108	107	112	133	8%	275	322	360	353	385	117	131	128	140	9%
XII - footwear, headgear	5,466	5,912	5,878	6,528	7,688	108	108	119	141	1%	60	57	65	66	70	95	108	110	117	2%
XIII articles of stone, plaster, cement, asbestos	3,845	4,240	4,105	4,205	4,842	110	107	109	126	1%	51	68	92	101	100	133	180	198	196	2%
XIV pearls, precious or semiprecious stones, metals	20,145	19,390	19,885	20,892	23,135	96	99	104	115	4%	3	2	1	1	0	67	33	33	0	0%
XV base metals & articles thereof	25,781	32,741	35,636	31,707	37,506	127	138	123	145	6%	287	388	525	488	563	135	183	170	196	13%
XVI machinery & mechanical appliances	93,892	106,930	111,807	119,672	142,440	114	119	127	152	24%	464	598	812	859	960	129	175	185	207	22%
XVII transportation equipment	34,610	33,961	30,985	34,342	46,029	98	90	99	133	8%	377	494	589	660	733	131	156	175	194	17%
XVIII instruments - measuring, musical	17,383	18,527	19,649	21,200	24,234	107	113	122	139	4%	72	83	110	104	104	115	153	144	144	2%
XIX arms & ammunition	344	354	381	396	534	103	111	115	155	0%	0	0	0	0	0					0%
XX miscellaneous	12,359	12,509	12,642	13,912	17,076	101	102	113	138	3%	195	247	340	371	437	127	174	190	224	10%
XXI works of art	2,103	2,061	1,537	1,235	1,682	98	73	59	80	0%	0	0	0	0	1					0%
Others (outside HS 01-97)	6,749	6,679	6,591	10,737	9,374	99	98	159	139	2%	163	158	163	173	183	97	100	106	112	4%
TOTAL	445,782	489,606	491,752	522,830	604,331	110	110	117	136	100%	2,496	3,082	3,934	3,973	4,392	123	158	159	176	100%

Note: 1993-95 EU 12, 1996-97 EU15

Source: Eurostat COMEXT