

## **FREE TRADE AGREEMENT BETWEEN THE REPUBLIC OF TURKEY AND THE REPUBLIC OF ESTONIA**

### Communication from the Parties

The following communication has been received from the Permanent Missions of Turkey and Estonia with the request that it be circulated to Members.

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

##### **1. Membership, Dates of Signature, Ratification and Entry into Force**

The Parties to the Agreement are the Republic of Turkey and the Republic of Estonia. The Agreement applies in respect of the territory to which the customs laws of Turkey and the Republic of Estonia are applicable respectively.

The Free Trade Agreement between the Republic of Turkey and the Republic of Estonia was signed on 3 June 1997 in Tallinn and entered into force on 1 July 1998 after the completion of the legal internal ratification procedures of the two Parties.

##### **2. Type of Agreement**

The Agreement establishes a free-trade area in conformity with the definition set out in Article XXIV:8(b) of GATT 1994.

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

The free-trade area established by this Agreement provides the framework for trade relations between Turkey and the Republic of Estonia.

The provisions of the Agreement apply to agricultural and industrial products falling within Chapters 1 to 97 of the Harmonized System. For further development of the relations established by the Agreement, it contains provisions providing the opportunity of extending these relations to fields not covered thereby.

In order to ensure the proper functioning of the free-trade area, the Agreement contains provisions, *inter alia*, on state-aid, state monopolies, competition, public procurement and intellectual property rights.

#### 4. Trade Data

The trade coverage of the Agreement in total trade between the Parties is as follows:

##### Imports of the Republic of Estonia from Turkey (million US\$)

Year	Total Trade	Trade Covered	% of trade covered
1995	2.7	2.7	100
1996	6.6	6.6	100
1997	8.7	8.7	100

##### Imports of Turkey from the Republic of Estonia (million US\$)

Year	Total Trade	Trade Covered	% of trade covered
1995	9.4	9.4	100
1996	8	8	100
1997	11	11	100

See also Annex.

## II. TRADE PROVISIONS

The Parties; Turkey and Estonia, mutually exchanged concessions on all industrial products. Turkey and Estonia granted each other preferential market access for a number of products.

### 1. Import Restrictions

All customs duties and charges having equivalent effect on imports of industrial and agricultural products into Estonia were abolished on 1 July 1998. The Republic of Estonia has taken derogation to introduce customs duties on imports on limited number of agricultural products originating in Turkey which can only be applied for a limited time period.

All customs duties and charges having equivalent effect on imports of industrial products into Turkey were abolished on 1 July 1998. Turkey initially granted Estonia preferential market access for a number of agricultural products under tariff quotas.

The Parties will not introduce new quantitative restrictions and measures having equivalent effect on imports.

### 2. Export Restrictions

Under Article 6, prohibition of new duties or charges having equivalent effect on exports between the Parties is stipulated. All existing duties and charges having equivalent effect on exports applied to industrial products are abolished with the entry into force of the Agreement.

The Parties will not introduce new quantitative restrictions and measures having equivalent effect on exports.

### **3. Rules of Origin**

The rules of origin on trade between Turkey and the Republic of Estonia, defined in the Protocol of the Agreement, are based on the sufficient working or processing criteria. In general, origin is conferred when:

- the good is wholly obtained or produced in the territory of a Party;
- each of the non-originating materials used in the production of the good undergoes an applicable change in tariff classification set out in the specific rule for that good, and the good satisfies any other applicable requirement set out in that rule, as a result of production occurring entirely in the territory of one or both of the Parties;
- the good is produced entirely in the territory of one or both of the Parties exclusively from originating materials; or,
- other particular circumstances as set out in the Protocol.

As stated in the Joint Declaration on the Protocol, the rules of origin enable extended cumulation of products between Turkey, the Republic of Estonia, EU countries, EFTA countries and Central and Eastern European Countries when the necessary procedures have been completed.

### **5. Safeguards**

The Agreement permits the application of safeguard measures in the case of dumping (Article 20), emergency action on imports of particular products (Article 17), measures relating structural adjustment (Article 15) and re-export and serious shortage (Article 18), state-aid (Article 24), provisions concerning rules of competition (Article 24) between the Parties.

In the case of balance of payments difficulties, Article 25 of the Agreement gives to the Parties the right of adopting restrictive measures in accordance with the conditions laid down within the framework of GATT 1994 and with Article VIII of the Articles of Agreement of the International Monetary Fund.

The procedure for the application of these measures is laid down in Article 20 of the Agreement.

### **6. Anti-Dumping and Countervailing Measures**

Article 24 of the Agreement states that if a Party finds that dumping is taking place in trade with the other Party within the meaning of Article VI of the GATT, it may take appropriate measures against this practice in accordance with the Article VI of the GATT 1994 and the rules established by agreements related to that Article, under the conditions and in accordance with the procedures laid down in Article 20. Through this Article the conformity with GATT 1994 rules has been provided.

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

The Agreement evaluates the “state-aid” issue in the context of distortion of competition.

According to Article 24 of the Agreement, the Parties will shall ensure transparency in the area of state-aid.

Against the improper practices of a Party, Article 24 of the Agreement gives the right to the other Party to take appropriate measures.

## **8. Sector-Specific Provisions**

### *Agriculture*

The conditions of concessions in trade on agricultural products and agricultural policies between the Parties are laid down in Chapter II of the Agreement.

## **9. Other**

### *Cooperation in Customs Administration*

A framework was established for cooperation in customs administration, with Article 21 and the Protocol on the definition of the concept of “originating products” and methods of administrative cooperation between the Parties.

### *State Monopolies*

Under Article 19 of the Agreement, the Parties agreed to adjust progressively any state monopoly of a commercial character so as to ensure that by 1 July 1999 no discrimination regarding the conditions under which goods are procured and marketed exists between the nationals of the Parties.

### *Internal Taxation*

Any measures or practice of an internal fiscal nature establishing discrimination between the products originating in Turkey and the Republic of Estonia has been prohibited with Article 13. This Article also prohibits repayment of indirect internal taxation in excess of the amount of indirect or direct taxes on exports.

### *Intellectual Property Rights*

The protection of intellectual property is addressed in Article 26 of the Agreement. The Parties accepted to grant and ensure adequate and effective protection of intellectual property rights on a non-discriminatory basis, including measures for granting and enforcing such rights.

### *Payments*

According to Article 23 of the Agreement, payments in freely convertible currencies relating to commercial transactions within the framework of the Agreement and transfer of such payments to the territory of the Party shall be free from any restriction.

In the same Article, it is also stated that any measure concerning current payments taken by either side connected with the movement of goods shall be in conformity with the conditions laid down in Article VIII of the Articles of Agreement of International Monetary Fund.

### *Public Procurement*

The Parties recognize, under Article 27 of the Agreement, the liberalization of their respective public procurement markets as objective of the free-trade area Agreement and shall progressively

develop their respective regulations for public procurement. The progress in this field will be reviewed in the Joint Committee.

### **III. GENERAL PROVISIONS OF THE AGREEMENT**

#### **1. Exceptions and Reservations**

All customs duties and charges having equivalent effect on imports applied to industrial and agricultural products are abolished with the entry into force of the Agreement. This, however, will not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public order or public security; the protection of health and life of humans, animals or plants and of the environment; the protection of national treasures possessing artistic, historic or archeological value; or the protection of intellectual, industrial and commercial property, or the rules relating gold or silver.

The Agreement allows the Parties to take appropriate measures, with concerns of security, in the cases specified in Article 22.

#### **2. Accession**

There is no provision in the Agreement allowing other countries to accede to the free-trade area.

#### **3. Dispute Settlement Procedures**

A Joint Committee, which is responsible for the administration of the Agreement and its proper implementation, has the authority to take decisions on issues mentioned in various Articles of the Agreement. In the procedure for application of safeguard measures relating to “Dumping”, “Rules of competition concerning undertakings”, “State-aid”, “Fulfilment of Obligations” and “Re-export and Serious Shortage”, the Joint Committee has also been commissioned actively as a competent authority in Article 20 of the Agreement.

#### **4. Relation with Other Trade Agreements**

Regarding “basic duties” defined in Article 2, the Agreement envisages any tariff reduction applied on an *erga omnes* basis, in particular reductions resulting from the tariff agreement concluded as a result of the GATT Uruguay Round, Turkey- EU Customs Union or the Europe Agreement between the EU and Estonia, replaces the former basic duty.

The Agreement stipulates that rights and obligations relating to certain matters, namely anti-dumping measures, balance of payments, state-aid will be in conformity with the relevant WTO Agreements.

The Agreement stipulates that measures concerning current payments connected with the movement of goods and rules on balance of payment difficulties shall be in conformity with Article VIII of the Articles of Agreement of the International Monetary Fund.

#### **5. Institutional Framework**

The Agreement, under Article 28 establishes a Joint Committee which is responsible for administration of the Agreement and shall meet at least once a year to monitor the implementation of it.

## ANNEX

### Turkey – Total Imports from Estonia (1,000 US\$)

HS Chapter	1995	1996	1997
4	28	0	0
15	13	0	0
25	0	51	28
27	0	34	127
28	0	0	1
29	0	0	14
31	0	0	4,943
38	0	0	0
39	0	0	12
40	0	0	0
41	0	33	81
42	0	0	0
44	12,927	12,779	6,124
48	0	355	662
52	0	53	45
53	0	0	19
56	0	0	3
60	0	1	0
61	4	0	0
62	0	1	0
63	0	26	0
64	0	0	8
65	0	0	0
72	0	1,071	18,501
73	0	1	0
74	0	11	0
75	0	0	0
76	0	0	5
84	0	108	271
85	0	1	58
87	0	0	2
90	0	15	22
91	0	1	0
94	202	0	12
95	0	0	12
96	0	2	7
Total	13,173	14,544	30,958
Trade Covered	13,132	14,544	30,958
% of Coverage	100	100	100

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