

**Committee on Regional Trade Agreements  
Twenty-Ninth Session**

**EXAMINATION OF THE FREE TRADE AGREEMENTS BETWEEN  
HUNGARY AND LITHUANIA; AND HUNGARY AND LATVIA**

Note on the Meeting of 3 July 2001

*Chairperson: Ms. Margaret LIANG*

1. The meeting was convened in document WTO/AIR/1568.
2. Under Agenda Items C.X and C.XI, the Committee on Regional Trade Agreements (CRTA) took up the third round of examination of the Free Trade Agreements (FTAs) between Hungary and Lithuania and the RTA between Hungary and Latvia.
3. The Chairperson noted that this was the third round of examinations of these two Agreements and that while the Committee would consider them simultaneously, this would have no effect on the examination *per se*, as each Agreement would be judged on its own merit and would have its own report with its own conclusions. The previous two rounds of the examination of the Agreements had taken place in October 2000 and February 2001, with corresponding minutes being distributed in documents WT/REG83/M/1-2 and WT/REG84/M/1-2. The latest replies by the Parties to questions posed during the second round of examination had been distributed in documents WT/REG83/4/Add.1 and WT/REG84/4/Add.1.
4. The representative of the United States asked which countries benefited from the pan-European system of cumulation of origin and how did they qualify for these benefits. She expressed concern about the absence of information on the percentage of tariff lines covered by the Agreements as well as the apparent exclusion of much of the agricultural sector. She felt that these issues were relevant to determine whether the FTAs complied with GATT Article XXIV:8(b), which required the coverage of "substantially all the trade between the constituent territories". She noted that information had been requested on the exclusion of agriculture from the provisions limiting State-aid but that the Parties had refused to supply it on the grounds that it was not relevant for the examination. That refusal was a matter of concern to her delegation, as it might qualify as a possible violation of GATT Article XXIV:7.
5. The representative of Australia supported the second part of the comments made by the representative of the United States; he also was disappointed by the lack of tariff-line information. He restated his delegation's concern over the lack of meaningful agricultural liberalization and doubts as to how GATT Article XXIV:8 requirements on "substantially all the trade" could be met in these Agreements.
6. Responding to the questions by the representative of the United States, the representative of Hungary indicated that Hungary would give a detailed list of the countries with which it had concluded RTAs, and that Latvia and Lithuania would do the same. With respect to the absence of tariff-line information, he noted that Article XXIV only referred to trade coverage. Hungary had provided a wide array of information on trade flows, breakdowns, industrial and agricultural

information, and given that the tariff-line information was not part of the review, it had not been provided. With respect to the coverage of agricultural products, he affirmed that these two Agreements satisfied the condition of "substantially all the trade" in all respects.

7. With respect to submission of tariff-line information to the CRTA, the representative of the European Communities shared the position of the representative of Hungary that it was not required by the Uruguay Round legal texts. He also did not see how answers to questions on State-aid and government support for agriculture were necessary for the Committee to reach conclusions on the compatibility of the Agreements with certain aspects of Article XXIV. He reminded the CRTA that there were other forum where these questions could be more suitably addressed.

8. The representative of Norway, speaking on behalf of the EFTA countries, endorsed the views expressed by the representatives of Hungary and the European Communities and stated that tariff-line information was not relevant to a discussion under Article XXIV.

9. The representative of Hungary re-emphasized his point that tariff-line information was not relevant in the context of the examination of an RTA and recalled the Committee that information had been provided to this effect in the relevant bodies of the WTO. He reaffirmed that the FTAs between Latvia and Hungary and Lithuania and Hungary were in compliance with GATT Article XXIV:7(a), GATT Article XXIV:8(b) and GATT Article XXIV:5(b).

10. The representative of the United States stated that she would be submitting specific written questions, which would include the questions on the rules of origin and that she did not expect to submit additional questions following receipt of answers. The representative of Hungary confirmed that he would provide the requested information in writing.

11. The Chairperson noted that discussions had allowed the Committee to clarify several issues and that the factual examination had been completed, although some delegations would still provide written questions to which the Parties would respond not later than 4 September. Once the replies had been circulated any request for additional information could be dealt with without holding another round of formal examination. At that point, the Secretariat would begin drafting the report for the examination.

12. The representative of Hungary stated that the Secretariat should begin to prepare the report immediately, as the information still missing, which had been largely requested by the representative of the United States, was not an impediment for the Secretariat to start drafting the report. The representative of the United States indicated that she did want the answers to be provided formally but that she was not concerned about when the Secretariat would begin drafting its reports on these Agreements.

13. The Chairperson confirmed that the proposal by Hungary was acceptable to the Secretariat, who would start drafting the report immediately.

14. The Committee took note of the comments made.

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