

Committee on Regional Trade Agreements

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EXAMINATION OF THE FREE TRADE AGREEMENTS BETWEEN THE EUROPEAN COMMUNITIES AND ESTONIA, LATVIA AND LITHUANIA

Communication from the European Communities

The following information has been received from the Permanent Delegation of the European Commission, with the request that it be distributed to WTO Members:

- A. Timetables for the elimination of barriers to trade
- B. Trade statistics

A. TIMETABLES FOR THE ELIMINATION OF BARRIERS TO TRADE

A1. Free Trade Agreement between the European Communities (EC) and Estonia

Entry into force of the Free Trade Agreement (FTA): 1 January 1995

Entry into force of the Europe Agreement (EA):¹ 1 February 1998²

Industrial products (EA Title III, Chap. 1, Articles 9-15)

	EC	Estonia
Customs duties	At entry into force of the FTA	At entry into force of the FTA
Quantitative restrictions (QRs) on imports and measures having equivalent effect	At entry into force of the FTA	At entry into force of the FTA
Customs duties, QRs and measures having an equivalent effect on exports	At entry into force of the FTA	At entry into force of the FTA

Processed Agricultural Products Title III, (EA Chap. 1 Article 16 and Protocol 2)

	EC	Estonia
Customs duties on imports (Protocol 2 with Annexes)	Tariff concessions on products listed in Annex I of Protocol 2 for quantities increasing until year 2000, as indicated in Annex II of Protocol 2	No restrictions

¹The trade provisions were transferred from the FTA.

²Text of the Europe Agreement: Official Journal of the European Communities (OJ) L 68 of 9 March 1998.

Agriculture (EA Title III, Chapter II)

	EC	Estonia
Customs duties on imports (EA Article 19)	Concession for products listed in Annex III, IV and V for gradually increasing quantities	No restrictions
QRs	At entry into force of the FTA (Article 19)	No restrictions

Fishery Products (EA Title III, Chapter III)

	EC	Estonia
Customs duties on imports	Tariff quotas at preferential duties, as indicated in Annex VI	No restrictions

A2. Free Trade Agreement between the EC and Latvia

Entry into force of the FTA: 1 January 1995

Entry into force of the EA: 1 February 1998³

Additional Protocol establishing a free trade regime in textiles products entered into force on a provisional basis on 01/01/98 (Council Decision 98/137/EC); it is now waiting formal adoption

Additional Protocol following the latest enlargement and the conclusion of the Uruguay Round is awaiting finalization

Industrial products except textiles (EA Chap. I, Articles 8-15)

	EC	Latvia
Customs duties	At entry into force of the FTA	At entry into force of the FTA, except for products listed in: Annex II: as of 1.1.1997 Annex III: basic duty reduction of 50% on 1.1.1997, to be eliminated on 1.1.1999
QRs on imports and measures having equivalent effect	At entry into force of the FTA	At entry into force of the FTA
Customs duties, QRs and measures having an equivalent effect on exports	At entry into force of the FTA	Customs duties: at entry into force of the FTA, except for Annex IV (at the latest on 31.12.1998) QRs: at entry into force of the FTA

Textiles: Additional Protocol, Council Decision 98/137/EC applied on a provisional basis since 01/01/98 (formal adoption on-going)

	EC	Latvia
Customs duties on imports (new Article 16 of EA according to Additional Protocol)	From 1.1.1998, on a provisional basis, for products in Chap. 50 to 63 of the combined nomenclature	From 1.1.1998, on a provisional basis, for products in Chap. 50 to 63 of the combined nomenclature
QRs and measures having an equivalent effect on imports	Already eliminated from 1.1.1993	Non-discriminatory treatment as regards QRs (Protocol 1, Article 13)

³Text of the EA: OJ L 26 of 2 February 1998.

Processed Agricultural Products (EA Article 19 and Protocol 2)

	EC	Latvia
Customs duties on imports (Protocol 2 with Annexes)	Tariff concessions on products listed in Annex I of Protocol 2 for quantities increasing until year 2000	Tariff concessions on products listed in Annex II, with duties to decrease until 1.1.2002

Agriculture (EA Chapter II)

	EC	Latvia
Customs duties on imports (EA Article 20)	Concessions for products listed in Annexes VII and VIII (for gradually increasing quantities)	Concessions for products listed in Annexes IX, X and XI; tariff reductions gradually until 2000. Quotas for products are listed in Annex XI of which some will increase over six years
QRs	At FTA entry into force	At FTA entry into force

Fishery Products (FTA Chapter III)

	EC	Latvia
Customs duties on imports	Tariff quotas at preferential duties, as indicated in Annex XII	Tariff quotas at preferential duties, as indicated in Annex XIII

A3. Free Trade Agreement between the European Communities (EC) and Lithuania

Entry into force of the FTA: 1 January 1995⁴

Signature of the EA: 12 June 1995

Entry into force of the EA: 1 February 1998⁵

Additional Protocol establishing a free trade regime in textiles products entered into force on 01/01/98 (Council Decision 98/137/EC);

Additional Protocol following the latest enlargement and the conclusion of the Uruguay Round is awaiting finalization

Industrial products other than ECSC and textiles (EA Chap. I, Articles 9-17)

	EC	Lithuania
Customs duties	At entry into force of the FTA	At entry into force of the FTA, except for products listed in: Annex II: as of 1.97 Annex III: basic duty reduction of 50% on 1.98 to be eliminated on 1.2001 Annex VI: on 12.2001
QRs on imports and measures having equivalent effect	At entry into force of the FTA	At entry into force of the FTA
Customs duties, QRs and measures having an equivalent effect on exports	At entry into force of the FTA	Customs duties: at entry into force of the FTA, except for Annex V (at the latest on 1.2001) QRs: : at entry into force of the FTA

⁴Text of the FTA: OJ L 375 of 31 December 1994.

⁵Text of the EA: OJ L 51 of 20 February 1998.

Textiles: Additional Protocol, Council Decision 98/137/EC applied on a provisional basis since 01/01/98 (formal adoption on-going)

	EC	Lithuania
Customs duties on imports (new Article 16 of EA according to Additional Protocol)	From 1.1.1998 (free trade in textiles apply)	From 1.1.1998 (free trade in textiles apply)
QRs and measures having an equivalent effect on imports	From 1.1.1998	Non-discriminatory treatment on application of QRs (Protocol 1, Article 13)

Processed Agricultural Products (EA Article 19 and Protocol 2)

	EC	Lithuania
Customs duties on imports (Protocol 2 with Annexes)	Tariff concessions on products listed in Annex I of Protocol 2 increasing	Protocol 2: duties reduced up to 12.2001 (except for goods in Annex III) Non-agricultural duty component removed by 12.2001 and agricultural duty component reduced to 0% by 2001

Agriculture and Fisheries (EA Articles 18 to 21 and 22-23), except Fish Products not included in Annexes XIV and XV

	EC	Lithuania
Customs duties on imports (EA Article 20)	Annex IX sets variable customs duties from zero up to 2001 Annex X sets variable tariff quotas up to 2001 Annex XI reduces by 60% duties within tariff quotas up to 2001	Since 1.1995 except for goods in: Annex XII: diminishing duties up to 1.2001 Annex XIII: diminishing duties up to 2001 (as per Annex XII) but within tariff quotas
QRs and measures having an equivalent effect on imports	Annex XIV grants tariff quotas at preferential duties to fishery products originating in Lithuania up to 2001	Annex XV fishery products are granted sliding tariff reductions up to 1.2001

B. TRADE STATISTICS

B1. EU trade with Estonia

Table 1: EU's exports to and imports from Estonia in 1992-1997

	Exports	Imports	Balance	Export/ import ratio	Export growth	Import growth	Export share in extra-EU trade	Import share in extra-EU trade
	Million ECU			%	Annual % change		%	
1992	125	95	+30	132	...	...	0.03	0.02
1993	211	182	+29	116	68	91	0.04	0.04
1994	308	267	+41	115	46	47	0.06	0.05
1995 (EU-15)	1,348	889	+459	152	32*	50*	0.24	0.16
1996	1,685	1,130	+555	149	25	27	0.27	0.19
1997	2,346	1,496	+850	157	39	32	0.33	0.22

*Compared to 1994 EU-12 figure plus 3 new Member States' trade with Estonia.

Table 2: Most important EU-15 exports in 1997

Sector (Common Customs Tariff sections)	Million ECU	% share of total	% change over 1996
1. Machinery & electrical (XVI)	657	28	54
2. Agriculture, incl. processed (I-IV)	274	12	21
3. Transport equipment (XVII)	262	11	82
4. Textiles (XI)	181	8	20
5. Base metals & articles (XV)	179	7	40
6. Mineral products (V)	147	6	25
7. Chemical products (VI)	145	6	32
Subtotal	1,845	78	41
ALL SECTORS	2,346	100	40

Table 3: Most important EU-15 imports in 1997

Sector (Common Customs Tariff sections)	Million ECU	% share of total	% change over 1996
1. Mineral products (V)	301	20	37
2. Wood, etc. (IX)	290	19	48
3. Machinery & electrical (XVI)	242	16	55
4. Textiles (XI)	230	15	21
5. Base metals & articles (XV)	120	8	17
6. Misc. manufactures (XX)	101	7	36
7. Agriculture, incl. processed (I-IV)	60	4	62
Subtotal	1,344	90	36
ALL SECTORS	1,496	100	32

Source: Eurostat.

B2. EU trade with Latvia

Table 1: EU's exports to and imports from Latvia in 1992-1997

	Exports	Imports	Balance	Export/ import ratio	Export growth	Import growth	Export share in extra-EU trade	Import share in extra-EU trade
	Million ECU			%	Annual % change		%	
1992	171	466	-295	37	...	...	0.04	0.095
1993	310	629	-319	49	81	32	0.06	0.13
1994	486	734	-248	66	56	20	0.09	0.14
1995 (EU-15)	939	1,126	-187	83	32*	18*	0.17	0.21
1996	1,103	1,191	-88	93	17	6	0.18	0.20
1997	1,525	1,288	+237	118	38	8	0.21	0.19

*Compared to 1994 EU-12 figure plus 3 new Member States' trade with Latvia.

Table 2: Most important EU-15 exports in 1997

Sector (Common Customs Tariff sections)	Million ECU	% share of total	% change over 1996
1. Machinery & electrical (XVI)	331	22	63
2. Agriculture, incl. processed (I-IV)	211	14	-4
3. Transport equipment (XVII)	176	11	67
4. Chemical products (VI)	145	9.5	61
5. Mineral products (V)	144	9	58
6. Textiles (XI)	131	8	28
7. Base metals & articles (XV)	68	4	41
Subtotal	1,206	79	40
ALL SECTORS	1,525	100	38

Table 3: Most important EU-15 imports in 1997

Sector (Common Customs Tariff sections)	Million ECU	% share of total	% change over 1996
1. Wood, etc. (IX)	483	37	57
2. Mineral products (V)	360	28	-29
3. Textiles (XI)	178	14	15
4. Base metals & articles (XV)	91	7	7
5. Machinery & electrical (XVI)	36	3	63
6. Misc. manufactures (XX)	31	2	63
7. Chemical products (VI)	30	2	0
Subtotal	1,209	94	7
ALL SECTORS	1,288	100	8

Source: Eurostat.

B3. EU trade with Lithuania**Table 1: EU's exports to and imports from Lithuania in 1992-1997**

	Exports	Imports	Balance	Export/ import ratio	Export growth	Import growth	Export share in extra-EU trade	Import share in extra-EU trade
	Million ECU			%	Annual % change		%	
1992	225	442	-217	51	...	...	0.05	0.09
1993	478	641	-163	75	112	45	0.10	0.13
1994	724	750	-26	97	51	17	0.13	0.14
1995 (EU-15)	1,017	970	+47	105	19*	15*	0.18	0.18
1996	1,452	1,136	+316	128	43	17	0.23	0.20
1997	2,138	1,311	+827	163	47	15	0.30	0.19

*Compared to 1994 EU-12 figure plus 3 new Member States' trade with Lithuania.

Table 2: Most important EU-15 exports in 1997

Sector (Common Customs Tariff sections)	Million ECU	% share of total	% change over 1996
1. Machinery & electrical (XVI)	465	22	41
2. Transport equipment (XVII)	305	14	85
3. Agriculture, incl. processed (I-IV)	302	14	40
4. Textiles (XI)	233	11	36
5. Chemical products (VI)	197	9	57
6. Plastic products (VII)	133	6	44
7. Base metals & articles (XV)	118	5	57
Subtotal	1,753	82	49
ALL SECTORS	2,138	100	47

Table 3: Most important EU-15 imports in 1997

Sector (Common Customs Tariff sections)	Million ECU	% share of total	% change over 1996
1 Textiles (XI)	390	30	40
2. Wood, etc. (IX)	173	13	15
3. Chemical products (VI)	149	11	-9
4. Mineral products (V)	136	10	-12
5. Machinery & electrical (XVI)	112	8	23
6. Base metals & articles (XV)	88	7	13
7. Agriculture, incl. processed (I-IV)	85	6	31
Subtotal	1,133	86	15
ALL SECTORS	1,311	100	15

Source: Eurostat.

B4. EU trade with the three Baltic States

Table 1: EU's exports to and imports from the three Baltic States in 1992-1997

	Exports	Imports	Balance	Export/ import ratio	Export growth	Import growth	Export share in extra-EU trade	Import share in extra-EU trade
	Billion ECU			%	Annual % change		%	
1992	0.5	1.0	-0.4	52	...	...	0.12	0.21
1993	1.0	1.4	-0.4	69	100	43	0.21	0.30
1994	1.5	1.7	-0.2	87	52	21	0.28	0.32
1995 (EU-15)	3.3	2.9	+0.3	111	28*	25*	0.59	0.45
1996	4.2	3.4	+0.8	122	27	17	0.68	0.59
1997	6.0	4.1	+1.9	146	43	20	0.84	0.61

*Compared to 1994 EU-12 figure plus 3 new Member States' trade with the three Baltic States.

Table 2: Most important EU-15 exports in 1997

Sector (Common Customs Tariff sections)	Million ECU	% share of total	% change over 1996
1. Machinery & electrical (XVI)	1,450	24	51
2. Agriculture, incl. processed (I-IV)	787	13	18
3. Transport equipment (XVII)	743	12	80
4. Textiles (XI)	546	9	29
5. Chemical products (VI)	488	8	50
6. Base metals & articles (XV)	366	6	46
7. Plastic products (VII)	319	5	46
Subtotal	4,703	78	44
ALL SECTORS	6,009	100	42

Table 3: Most important EU-15 imports in 1997

Sector (Common Customs Tariff sections)	Million ECU	% share of total	% change over 1996
1. Wood, etc. (IX)	946	23	44
2. Textiles (XI)	799	19.5	28
3. Mineral products (V)	798	19	-10
4. Machinery & electrical (XVI)	391	9	45
5. Base metals & articles (XV)	299	7	13
6. Chemical products (VI)	210	5	-14
7. Agriculture, incl. processed (I-IV)	172	4	41
Subtotal	3,615	88	18
ALL SECTORS	4,096	100	18

Source: Eurostat.

B5. EU-15 trade with 10 Associated CEECs⁶

Table 1: EU-15 exports to and imports from 10 Associated CEECs in 1996-1997

	Exports	Imports	Balance	Export/ import ratio	Export growth	Import growth	Export share in extra-EU trade	Import share in extra-EU trade
	Billion ECU			%	Annual % change		%	
1996	51.3	47.1	+4.2	109	...	...	10.2	8.1
1997	78.2	56.6	+21.6	138	52	20	10.9	8.4

⁶Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

Table 2: Most important EU-15 exports in 1997

Sector (Common Customs Tariff sections)	Million ECU	% share of total	% change over 1996
1. Machinery & electrical (XVI)	24,391	31	28
2. Transport equipment (XVII)	9,195	12	26
3. Textiles (XI)	7,213	9.2	17
4. Chemical products (VI)	7,046	9	22
5. Base metals & articles (XV)	5,864	7.5	28
6. Plastic products (VII)	4,855	6.2	27
7. Agriculture, incl. processed (I-IV)	4,766	6	6
Subtotal	63,330	81	23
ALL SECTORS	78,266	100	23

Table 3: Most important EU-15 imports in 1997

Sector (Common Customs Tariff sections)	Million ECU	% share of total	% change over 1996
1. Machinery & electrical (XVI)	12,736	22.5	40
2. Textiles (XI)	7,972	14	14
3. Base metals & articles (XV)	7,463	13	18
4. Transport equipment (XVII)	5,310	9	29
5. Misc. manufactures (XX)	3,464	6	14
6. Agriculture, incl. processed (I-IV)	3,056	5.4	5
7. Mineral products (V)	3,007	5	2
Subtotal	43,008	76	23
ALL SECTORS	56,656	100	20

Source: Eurostat.