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EUROPE AGREEMENTS: AN OVERVIEW OF TRADE ASPECTS

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FOREWORD

Following the collapse of intraregional trade links, the Central and Eastern European countries (CEECs) and the New Independent States (NIS) of the former Soviet Union have sought to diversify and expand their trade relations with other partners. This process has been facilitated by a number of different regional integration initiatives that involve the CEECs, NIS and various OECD countries. In this context, the Europe Agreements signed by several CEECs with the European Community represent the most ambitious attempt at developing close economic and political links among participating countries. This study examines the trade aspects of the Europe Agreements and analyses their main differences with other trade arrangements, in particular the free trade agreements concluded between EFTA countries and several CEECs.

This study was undertaken by the Working Party of the Trade Committee within the framework of the activities of the Centre for Co-operation with the Economies in Transition (CEET). It is derestricted on the responsibility of the Secretary-General of the OECD.

Salvatore Zecchini
OECD Assistant Secretary-General
Director of the CCET

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List of Abbreviations

AAs	Association Agreements
CEECs	Central and Eastern European Countries
CEECs-4	Central and Eastern European Countries (Czech Republic, Hungary, Poland, Slovak Republic)
CEECs-6	Central and Eastern European Countries (Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovak Republic)
CSFR	Czech and Slovak Federal Republic
EAs	Europe Agreements
EC	European Community
ECSC	European Coal and Steel Community
EEC	European Economic Community
EFTA	European Free Trade Association
FTAs	Free Trade Arrangements
GATT	General Agreement on Tariffs and Trade
MFN	Most Favoured Nation
NTB	Non-Tariff Barriers
PIT	Partners In Transition
QRs	Quantitative Restrictions

EUROPE AGREEMENTS: AN OVERVIEW OF TRADE ASPECTS

Introduction

After Greece, Turkey, Malta and Cyprus, six Central and Eastern European countries (CEECs-6), i.e. Bulgaria, the Czech Republic, Hungary, Poland, Romania and the Slovak Republic, signed association agreements with the European Community (EC), which has been designated as European Union since 1 January 1994. To mark their specific nature, the agreements concluded by CEECs-6 are officially designated as Europe Agreements (EAs). The agreements between the EC on the one side and the ex-Czech and Slovak Federal Republic (CSFR), Hungary and Poland on the other were signed in December 1991, followed in 1993 by similar agreements with Romania and Bulgaria. After the breakup of the ex-CSFR, new agreements, negotiated with the Czech and the Slovak Republics, were signed in October 1993 (see Appendix). However, trade-related elements of the ex-CSFR/European Communities agreement were not affected by these separate agreements.

The EAs represent a major contribution to the integration process of CEECs-6 within Europe, both in political and economic terms. Political integration implies in particular the adherence to the values of democracy, the rule of law and to an open market system. In the economic field, the implications of the EAs are also far-reaching, going beyond trade-related aspects. Their objective is the gradual harmonisation of economic policies and the progressive adaptation of the legal framework in the CEECs-6 to EC legislation.

All EAs have a similar structure and contain between 122 (EA with Poland) and 124 Articles (EAs with the Czech Republic, Hungary and the Slovak Republic). With Bulgaria, the Czech Republic, Romania and the Slovak Republic, the agreements also include provisions relating to human rights. Articles 1-6 concern political dialogue and general principles. Articles 7-36 deal with the movement of goods, Articles 37-58 with the movement of workers, establishment and supply of services. Articles 59-69 refer to payments and capital, competition and approximation of laws and Articles 70-103 to economic, cultural and financial co-operation. Articles 104-124 contain final provisions.¹ Each EA is accompanied by 18 Annexes and 7 Protocols (see Appendix).

The EAs are fully implemented only after ratification by the 18 national parliaments and the European Parliament. The trade provisions of the EAs -- so-called Interim Agreements -- which provide a legal framework for trade co-operation, have been however implemented in each of the CEECs-6: since 1 March 1992 in the case of the ex-CSFR, Hungary and Poland; since 1 May 1993 in the case of Romania; and since 1 February 1994 for Bulgaria.

This paper focuses on provisions related to trade liberalisation of goods under the EAs signed with the CEECs, in particular the mutual commitments of the EC and CEECs-4 (the Czech Republic, Hungary, Poland and the Slovak Republic) as embodied in Articles 7-36 of the EAs, the 14 relevant annexes and the four Protocols dealing with trade matters (textiles and clothing, steel, processed agricultural products, and rules of origin). It takes into account the improvements made to the trade provisions of the EAs decided at the Copenhagen summit of the EC on 21-22 June 1993. These revised provisions were added to the Interim Agreements signed with Bulgaria, Hungary, Poland and Romania as well as to the renegotiated EAs with the Czech and Slovak Republics.

The main improvement decided in June 1993 concerns the shortening of the timeframe for liberalisation of EC market access, in particular for sensitive products (Annex III of the EAs). Tariffs concerned will be eliminated one year before the initial schedule, while the quotas and ceilings on the imports of goods listed in Annex III of the EAs will be increased by 20 (Hungary) to 30 per cent (the Czech Republic, Poland and the Slovak Republic). The transition period for the elimination of tariffs on industrial goods listed in Annex III is cut from five to three years. As a result, the goods concerned are imported to the EC free of duties by the end of 1994.

This document seeks to identify both common features and differences in individual trade provisions of the EAs. The trade provisions of the EAs are also briefly compared to other recent regional trade integration agreements involving the CEECs, namely the Agreements signed by CEECs-4 with EFTA and the Association Agreements signed by the EC with Turkey (in 1963) and Cyprus (in 1973).

The document is divided into four parts. Part I discusses the common legal and institutional provisions of the EAs as well as the basic principles and the instruments of trade liberalisation put in place by these agreements. Part II examines sector and country specific trade liberalisation provisions. Part III compares the main EAs' trade provisions to those in other regional agreements, namely the free trade arrangements (FTAs) between the European Free Trade Association (EFTA) and the CEECs-4 and the Association Agreements (AAs), signed by the EC with Cyprus and Turkey. Part IV summarises the main findings of the analysis. The Annex contains some preliminary data concerning the impact of trade provisions of EAs on the mutual trade of the CEECs concerned and the EC.

I. Institutional and legal provisions of the Europe Agreements

Although the individual EAs have been negotiated bilaterally, all of them have the same structure, identical general legal provisions and similar trade regulations.

a) *Institutional framework*

The EAs entail a reciprocity requirement for all signatory parties, implying the obligation for each party to conform to the rules established by the Agreement. The settlement of disputes is subject to legal provisions common to four EAs.

In the case of disputes related to the application (or interpretation) of the EAs, each country may refer to the Association Council in charge of supervising the implementation of the EAs and examining major issues arising within their framework. The decisions of the Association Council based on a common agreement are binding.

Where the dispute concerning the issue covered by the Agreement cannot be settled by the Association Council, each party can either appeal to the GATT dispute settlement or bring the case to an arbitration court. This latter approach contrasts with the dispute settlement mechanism introduced by the Treaty of Rome which grants to the European Court of Justice jurisdiction on trade-related disputes involving member states.

b) *Main legal instruments*

The trade provisions of the EAs establish the rules of the contingent trade protection applied to individual signatory parties. Anti-dumping, safeguards and countervailing duties clauses are mentioned in Articles 29, 30, 31, 33 and 62, 63 and 64 of the EAs. To be applied, each of these instruments requires the fulfilment of specific conditions set up by the trade provisions of the Agreements.

i) Anti-dumping and countervailing duties

Anti-dumping actions, which must comply with Article VI of the GATT, are allowed under Article 29 of the EAs. Countervailing duties are dealt with in Article 63.3 of the EAs with Poland and the Czech and Slovak Republics and in Article 62.3 of the EA with Hungary. According to Articles 62-63, countervailing duties could be undertaken if they are GATT-consistent, i.e. in case the "public aid distorts or threatens to distort competition... in so far as [it] affect[s] trade between the Community and [the Czech Republic, Hungary, Poland and the Slovak Republic]". However, such measures may only be used until the Association Council adopts the rules to implement Articles 85, 86 and 92 of the European Economic Community (EEC) Treaty (i.e. Articles concerning the EC competition rules, including those on public aids to industry) in trade between the Czech Republic, Hungary, Poland, the Slovak Republic and the EC. The Association Council is expected to adopt such rules within three years of the entry into force of the EAs.

ii) Safeguard clauses

Each EA contains in its trade provisions seven safeguard clauses, covering specific situations. The first one, referred to in Article 30, is a general clause using the terms used in the GATT, while the remaining six safeguards are particular to certain goods (Article 21, meat in Annex X and processed agricultural goods in Protocol No. 3), or CEECs (Articles 28 and 63).

- Article 30 permits safeguard measures, if imports from any of the 16 participating countries cause either "serious injury to domestic producers of like or directly competitive products" or "serious disturbances... or difficulties which could bring about serious... deterioration in the economic situation of a region".
- Article 21 is a special safeguard provision for agricultural goods allowing discretionary contingent protection when imports originating in one party cause serious disturbance to the markets in the other party.
- Meat (in Annex X) and processed agricultural products (in Protocol No. 3) enjoy special safeguard provisions applied either by the EC (meat in excess of the import quota into the EC) or by the CEECs and the EC (in the case of processed agricultural products). The final Protocol on textiles and apparel to be signed with each of the four CEECs is likely to have its own safeguard clause.
- Article 31 is a clause which also appears in the GATT and refers to safeguard measures taken in the case of "re-exports toward a third country against which the exporting country maintains quantitative restrictions" or if "a serious shortage, or threat thereof, of a product essential to the exporting party" gives rise to major difficulties for the exporting party.
- Article 28 grants to the CEECs the possibility to take exceptional measures of limited duration when imports from the EC give rise, or are likely to give rise, to serious difficulties for restructuring or building a new industry, or when domestic producers come under extreme pressure (see further on).
- Article 63 of the EA with Hungary and Article 64 of the EAs with the Czech Republic, Poland and the Slovak Republic allow to apply restrictive measures for balance-of-payment purposes.

The EAs establish administrative procedures for implementing these measures, which could be undertaken by any of the signatory parties. Article 33 provides that before taking action permitted under

Articles 30 and 31, the party contemplating the action "shall supply the Association Council with all relevant information with a view to seeking a solution acceptable to the two parties". The importing country may take appropriate measures if no such solution has been reached after 30 days, or if the exporting party "has not taken a decision putting an end to the difficulties" after 30 days.

Although relatively detailed and basically similar to GATT relevant clauses as well as to terms used in other trade arrangements, the provisions concerning contingent protection in the EAs still leave a certain amount of room for interpretation, since terms such as "serious deterioration" or "region" are not clearly defined. Administrative procedures also appear to be rather complex and time consuming.

c) *Basic principles of trade liberalisation*

The most important achievement of the EAs in the trade field is the establishment of a free trade area among participating countries. The Association Agreements (AAs) signed by the EC with the Mediterranean countries, have also aimed to create a free trade area, but the timetable set up by the AAs is relatively long: in the case of Cyprus and Turkey, the free trade area was supposed to be accomplished within at least 30 years and 31 years, respectively. In contrast, the trade provisions of the EAs envisage the establishment of a free trade area by the end of a 10-year transition period ending in March 2002.

Three basic principles relevant for trade liberalisation, embodied in the EAs, are preferential treatment, asymmetry and rules of origins.

- *Preferential treatment*: the participating parties should treat their respective imports and exports preferentially compared to trade with third countries' partners.
- *Asymmetry*: tariffs and other trade restrictions have to be abolished for the major part of trade according to the schedule and plan provided by the Interim Agreements. The EC commits itself to eliminating all quotas and taxes on most industrial goods imported from the CEECs-4 (with the exception of steel and textiles) as soon as the Interim Agreements come into force. The period of liberalisation for signatory CEECs is, however, longer, since customs duties on most goods originating in the EC are to be progressively reduced to zero by year 1997 and duties on the most sensitive products abolished by year 2002.
- *Rules of origin*: In addition to sensitive products subject to special conditions, trade liberalisation concerns only products originating either in the EC or in the associated CEECs. The trade provisions of the EAs also provide for a cumulation of origin among the CEECs which allows a product exported from one associate CEEC to another associate CEEC and which has undergone no, or only a limited working or processing in the importing CEEC to be considered as originating in the importing CEEC. Such products continue to maintain their CEEC origin for the EC customs (Article 2 of Protocol No. 4 concerning the definition of the concept of originating products and methods of administrative co-operation).

Similarly to other free-trade arrangements, the EAs and their compatibility with relevant GATT Articles, in particular Article XXIV, should be examined by the GATT. Several contracting parties, non participating in the EAs, have already raised the question concerning the possible distortionary trade effects of the EAs. In April 1992, the GATT Council had established a Working Party to examine EEC Interim Agreements with the ex-CSFR, Hungary and Poland, but this group has not yet started its examination.

Rules of origin are of special importance for the CEECs. Having relatively abundant supplies of low-cost labour, these countries may be an attractive location for both the production of labour-intensive parts and for the final assembly of products.

The Protocol on rules of origin, attached to the trade provisions of each of the EAs provides two sets of definitions, which are similar to those in the AAs and draw on wording and principles used in the GATT. First, products originating in a CEEC are those wholly obtained in that country. This initial definition is accompanied in each protocol by a list of products (identical in all EAs) which shall be regarded as wholly obtained and which mainly are mineral and agricultural products. Second, the origin of the product is formally defined in terms of the location of the last major transformation of the product (defined as a change in its 4-digit trade heading), but for many products it is expressed in terms of the value of imports. To qualify for "originating status", imported materials from outside the EC cannot exceed 40 per cent or 50 per cent of the value of the output. In other words, the local content requirement amounts to 60 per cent in most cases.

II. Specific provisions of the Europe Agreements

In addition to the general legal regime of the EAs, some trade provisions of these agreements are specific and vary according to particular sectors and/or countries.

a) Sector specific provisions

As already mentioned, the process of trade liberalisation excludes some products, in particular agricultural products, although customs duties on some of them are planned to be reduced, generally within an established quota. The timetable for trade liberalisation is slower for some other products, considered sensitive, such as steel, coal, textiles and clothing. Certain other products are submitted to special conditions.

i) Products originating in the CEECs

The Interim Agreements define particular sectors, which are excluded from the immediate trade liberalisation granted by the EC. The individual timetables of the EC's commitments concerning the gradual reduction of quantitative restrictions and customs duties on products originating in each of the CEECs-4 and individual sectors concerned are detailed in Tables 1 to 3. The main features of these sector specific provisions could be summarised as follows:

- Customs duties on imports applicable in the EC on steel products [European Coal and Steel Community (ECSC)] originating in the CEECs-4 have been progressively reduced from the date of entry into force of the Interim Agreements by annual reductions, so that the total reduction can be achieved by the beginning of the fifth year (see Articles 6 and 7 of the Additional Protocols to the Interim Agreements on trade and trade-related matters between the EC and the Czech Republic, Hungary, Poland and the Slovak Republic).
- A similar progressive elimination (four years at the latest after the entry into force of the Interim Agreements) is also planned for customs duties on imports of coal products originating in CEECs-4.
- Import duties on textile and clothing from CEECs-4 will be abolished over five years and those on outward processing trade immediately (see Articles 2 and 3 of Protocol No. 1 of the EA with the Czech Republic, Hungary, Poland and the Slovak Republic as amended by Articles 5 and 6 of the Additional Protocols to the Interim Agreements on trade and trade-related matters between the EC and the Czech Republic, Hungary, Poland and the Slovak Republic).

Agricultural products in general remain for the time being outside the process of trade liberalisation. The Interim Agreements foresee the reduction of customs tariffs for some of them, generally within a set of an established quota, and often within a five-year period. For example, exports of meat, fruit, dairy goods and vegetables from CEECs-4 are allowed to rise by 10 per cent a year over five years. Customs duties applicable to imports in excess of the quotas or ceilings specified in the Annexes² are to be progressively dismantled after the entry into force of the Agreements by annual reductions of 15 per cent for Poland and 10 per cent for the Czech Republic, Hungary and the Slovak Republic.

The trade provisions of the Europe Agreements (see Article 20, indent 4 of the EAs) specify reciprocal concessions for particular products in accordance with the conditions defined in the Annexes.³ The trade concessions concern a subset of commodities and apply to quantities within quota limits. The latter will grow by about 10 per cent per year starting in 1992; there will be no more quota limits at the end of the transitional period. Although some tariffs will fall to zero within one year, variable levies will decrease by 60 per cent (30 per cent in some cases) over a three-year period. Quantities exported above the quota-limits will be subject to full tariffs and levies.

ii) Products originating in the EC

In accordance with the asymmetry principle, customs duties on most industrial products originating in the EC are to be progressively reduced by CEECs-4 to zero, though not immediately, but within seven years after the implementation of the Interim Agreement in Poland and within nine years after the implementation of the Interim Agreement in the Czech Republic, Hungary and the Slovak Republic. Similarly to trade concessions by the EC related to sensitive products, CEECs-4 could also apply a longer period for eliminating trade barriers affecting specific EC exports. In general, the remaining duties on textile, clothing, steel and coal products should be abolished by CEECs-4 in 2002.

- Customs duties on EC textile and clothing products are to be progressively reduced to zero by the end of the transition period (see Article 2 of Protocol No. 1 on textile and clothing products to the EAs) depending on the sensitivity of the products.
- Imports of ECSC steel and coal products by CEECs-4 (see Article 5 of Protocol No. 2 on ECSC products to the EAs) remain protected since CEECs-4 are allowed to maintain a relatively high level of protection for some coal products (up to the end of the transition period in the case of Hungary and Poland) and for steel products (in the case of the Czech and Slovak Republics and Hungary).⁴
- Quantitative restrictions on imports of EC agricultural products are to be gradually abolished, and each of the four CEECs have to grant the EC other concessions on a reciprocal and product by product basis.

b) *Country specific provisions*

Within the general principle of asymmetry, which implies a more rapid trade liberalisation granted by the EC than the one applied by its partners, the preferential treatment offered to each of the CEECs-4 can take two forms: different schedules of trade liberalisation varying according to the country and the measures relating to contingent protection, and subsidies put at the disposal of the CEECs-4 only.

i) Schedules

The schedules applying to each of the CEECs-4 concerning their reduction of customs duties and quantitative restrictions vary according to countries and products. For instance, the Interim Agreement with

Poland allows a liberalisation in the sector of cars at much slower pace (by year 2002) than in the case of the other three CEECs. More generally, although all the associate countries have to dismantle their trade barriers over a ten-year period, some have succeeded to secure the longest period to adjust their industry than others. While the Czech, Polish and Slovak Republics have agreed to immediately dismantle tariffs on non-sensitive industrial products, the Agreement with Hungary does not include such category of products and therefore allows for a slower pace of liberalisation (see Table 4.1).

Thus, a comparative analysis of the planned schedules in the Interim Agreements indicates that Hungary has a longer period (10 years) for adjusting its industry to EC competition than Poland (7 years) and the Czech and the Slovak Republics (7 years). Furthermore, with the entry into effect of the EAs, the share of industrial products imported by Poland from the EC without customs duties (27 per cent) is higher than in the case of Hungary.⁵

ii) Special measures

The trade provisions of the EAs also include specific measures of contingent protection, which could be used only by CEECs-4 and define a special regime of subsidies for particular industries of these countries.

CEECs-4 may take exceptional measures of a limited duration which derogate from the progressive abolition of customs duties. Tariffs could be increased in the case of restructuring or the emergence of a new industry, when domestic producers come under extreme pressure or are faced with social problems (see Article 28 of the EAs).

Article 62 of the EA with Hungary and Article 63 of the EAs with the Czech and Slovak Republics and Poland provide the general legal framework for subsidies. During a first five-year period (which might be extended), the assessment of the public aid granted by the CEECs-4 will take into account the fact that CEECs-4 are regarded as developing areas where public aid is allowed [according to Article 92.3 (a) of the Treaty of Rome on public aid]. Article 8 of Protocol No. 2 to the EAs defines a special regime for subsidies in the coal and steel sector in CEECs-4. It allows CEECs-4 to grant public aid for restructuring purposes in the first five years of the EAs, providing the public aid leads to a reduction in production capacity and to commercial viability.

III. Europe Agreements and Other European Trade Arrangements: A Comparison

Although the most far-reaching and important for the CEECs, the EAs are not the only regional trade arrangements involving these countries. The CEECs also recently concluded FTAs with the EFTA countries. The EAs are not the only agreements offering preferential treatment by the EC to third countries. Four Mediterranean countries (Greece, Turkey, Malta and Cyprus) have signed in the past AAs with the EC. This section presents an overview comparing the terms of these different agreements as regards the degree of integration characterising each one of them and the scope of trade liberalisation.

The general objective of all these agreements is similar, since they aim to reduce or eliminate trade restrictions, which could impede a closer integration of national markets. However, these arrangements often differ in the scope of trade liberalisation and the degree of the envisaged integration. Compared to the AAs and the FTAs signed by EFTA, the EAs are unique due to the fact that they incorporate mechanisms for political dialogue and increasing harmonisation of economic policies. Furthermore, the EAs explicitly recognise that their ultimate goal is the integration of the CEECs into the EC's single market. At the same time, trade liberalisation implied by the EAs appears to be relatively more limited than the one offered by the FTAs, where the liberalisation of trade in industrial goods seems to contain less exceptions to the general regime and the pace of trade liberalisation for sensitive products is more rapid.

a) *Institutional provisions*

As already mentioned, the FTAs and the AAs are limited to trade and do not contain political provisions, which are included in the EAs. However, all these agreements include similar institutional provisions for dispute settlement and for consultation on matters of common interests. Both the EAs and the AAs involve steps towards legal harmonisation.

All agreements establish a body in charge of supervising the implementation of the agreement and examining major issues arising within the framework of the agreement: i.e. the Association Council in the case of AAs and the Joint Committee within the framework of the FTAs signed between the EFTA countries and the CEECs. All agreements envisage dispute settlement mechanisms, though without direct access for private firms or consumers. The EAs and the modified AA with Cyprus establish an enlarged dispute settlement mechanism allowing the member countries to bring the case to an arbitration court, a provision which has not been included in FTAs and the other AAs. In this latter case, a dispute can be resolved only if a common agreement is reached between all participating countries. FTA countries have envisaged, however, to modify the dispute settlement mechanism in order to allow the member countries to bring any dispute to an arbitration court as well. A "*Protocole d'Entente*", which envisages such possibility, has been attached to each FTA signed between the EFTA countries and the CEECs and a joint committee has been working on this dispute settlement mechanism since then.

b) *Main legal instruments*

While all agreements under review contain provisions concerning contingent protection, safeguard clauses are more numerous in the EAs. Also, the protocols on rules of origin are more complex in the agreements signed by the EC with third countries (i.e. both the EAs and the AAs) than in the FTAs signed by EFTA countries.

In the FTAs, contingent protection can be initiated for security, environmental or health reasons, to redress serious balance-of-payment imbalances, in case of re-export and serious shortage or when a participating party does not fulfil its obligations, as well as for similar reasons settled in Article 30 of the EAs. In addition to these measures, the CEECs can, as is the case under the EAs and the AAs with Cyprus

and Turkey, take restrictive action to protect domestic sectors undergoing restructuring or based on social considerations.

All the agreements put limits on the temporary increases of customs duties by the CEECs: they cannot exceed a 25 per cent *ad valorem* tariff, must maintain an element of preference for the EC (in the EAs and the AAs) or for EFTA states (in FTAs); they cannot affect more than 15 per cent of total imports of industrial products from partners' countries and should not be applied for more than five years unless authorised by the Association Council (in the EAs and the AAs) or by the Joint Committee (in the FTAs). They must be phased out within two years (according to the EAs and the AAs) or three years (the FTAs) after their introduction.

c) *Basic principles of trade liberalisation*

The final goal of all regional trade arrangements is the establishment of free trade areas leading to the creation of an enlarged free trade area within Europe. Preferential treatment -- which obliges the participating parties to treat their respective imports and exports preferentially compared to trade with non-contracting partners -- is embodied in all agreements under review. The main difference among individual agreements concerns the time framework for establishing the free trade areas, as well as the rules of origin.

The general timetable in the AAs with Cyprus and Turkey is much longer (at least 30 years) than the one foreseen in the EAs and the FTAs with EFTA, which both provide for a free trade area by the end of a 10-year transition period ending in 2002. The control and administration aspects of the rules of origin, which tend to vary in individual trade arrangements, but seem to be stricter under the EAs and AAs, are also likely to pose some constraint to the creation of an enlarged free trade area within Europe. An intra-European trade in its large sense would thus require some kind of harmonisation of the protocols on rules of origin in the three agreements (i.e. EC-CEECs, EC-Mediterranean countries and EFTA-CEECs).

The product coverage of all arrangements under review is fairly broad and the principle of asymmetry is applied. Provisions concerning the period for phasing out of import restrictions are, however, shorter in the EAs and FTAs than in the case of the AAs. The three types of arrangements provide for liberalisation of most industrial products immediately at the start of the implementation of the agreements. The main differences consist in the timetables applied to gradual liberalisation of sensitive products.

All agreements contain provisions concerning sensitive sectors, which enjoy transitional trade protection. Although roughly similar, there are some differences reflecting the economic specificity of participating countries. In general, the list of sensitive industrial goods appears to be shorter in the case of the FTAs compared to the EAs and the AAs.⁶ All agreements under review exclude agricultural products from an immediate trade liberalisation programme.

d) *Sector and country specific provisions*

Sensitive sectors are subject to a similar treatment in the EAs and the FTAs. Both types of arrangements provide for tariff and non-tariff protection of sensitive sectors (textiles and clothing, leather products, steel, etc.) and envisage their reductions over relatively long time periods. Although in some cases the timetable for liberalisation is more favourable in the EAs than in the AAs, several timetables foreseen by the FTAs are shorter than those in the EAs.⁷ Thus, for example, while a maximum of five years (six years for products included in the Multifiber Agreements) is stipulated in the EAs for the elimination of tariffs and/or quotas by the EC on sensitive industrial products originating in CEECs-4, the Additional Protocol of the Association Agreement with Turkey (1973) provided for a longer period for certain petroleum products and textiles, where tariffs had to be abolished over 12 years.

Individual agreements contain some country specific provisions. For instance, petroleum products are not covered by the AAs with Cyprus (see Annex 1, Articles 1 and 9; Annex 2, Article 3, Indent 2, and Article 6) and the products falling in the domain of the ECSC are excluded from the coverage of the AA with Turkey. Concerning FTAs, different schedules of trade liberalisation are envisaged, taking into account the strength of national economies of individual CEECs. For example, in the case of Bulgaria, all quantitative restrictions should be abolished on the country's imports after the entry into force of the EA, while the period of phasing out is longer for the Czech and the Slovak Republics. The differentiation can also intervene among individual EC or EFTA countries. In the latter case, the timetable of liberalisation for Austrian and Swedish imports of coal and metals from the CEECs envisages the elimination of customs duties by the fifth year after the signing of the Agreement, while the other EFTA countries apply no exceptional regime for these sectors.

IV. Concluding remarks

Regional trade agreements involving the CEECs constitute a part of the complex network of agreements among different European countries which aim to gradually eliminate trade restrictions and prepare for the creation of an integrated European market. Similarly to the AAs, the EAs, including their trade provisions, open the way for participation of the CEECs in the single European market, created in January 1993. The FTAs represent a step allowing the CEECs to take part in an European-wide free trade area including both EFTA and EC countries.

This paper shows that the three types of regional trade agreements examined here, i.e. the EAs, the AAs and the FTAs, put in place a similar institutional framework and rely on similar principles and rules establishing preferential trade relations among participating countries. All agreements contain the same principles of preferential and asymmetric treatment. They also include a number of provisions concerning contingent protection. The trade liberalisation process is divided in several waves: an important part of trade in industrial goods is immediately or rapidly liberalised, first by western European partners. Some categories of products (generally agricultural goods) remain excluded and others, considered sensitive, are subject to specific liberalisation timetables. All agreements define more or less complex protocols concerning rules of origin.

Although relatively similar in their basic legal structure and the definition of different legal instruments, individual agreements differ in some respects. The major difference of the EAs compared to other agreements under review is their larger economic scope, going beyond a strictly limited trade field. The EAs embody several provisions of a political nature and important steps towards the harmonisation of legal and economic instruments of the CEECs with those existing in the EC.

Furthermore, the analysed agreements also vary as regards the scope and the pace of trade liberalisation. While the AAs and the EAs show considerable similarities in this respect, the FTAs' list of sensitive industrial products contains less products and the schedules for their gradual liberalisation are generally shorter than is the case in other agreements. The references to safeguard clauses are somewhat less numerous in the FTAs than in the EAs.

The EAs remain for the CEECs the most far-reaching agreements with potentially considerable benefits. However, CEECs' expectations have not been completely fulfilled, in particular as regards trade concessions granted by the EC. The first preoccupation concerns the product coverage, since agricultural products continue to be, to a large extent, excluded and the liberalisation of a number of sensitive products is only gradual.

The second concern is related to rules of origin. The principle of cumulation of origin among the CEECs is an important achievement in this field, since it allows a product exported from one associate CEEC to another associate CEEC to maintain its CEEC origin for the EC customs. However, a 60 per cent

local content requirement imposed by the EAs might discourage foreign investors outside the EC area, thus depriving the CEECs of a potential additional source of foreign direct investment, in particular in assembly operations.

The anti-dumping and safeguard clauses might also undermine the expected beneficial impact of the EAs. Although generally using GATT wording and principles, existing provisions still seem to leave room for divergent interpretation and do not exclude the possibility of recourse by individual partners to trade practices, such as voluntary export restraints. Furthermore, these actions could also dissuade potential foreign investors interested in developing in the CEECs a basis for exports to the EC.

Aware of these different concerns, the EC continues to work on improving particular aspects of its economic relations with the CEECs, as demonstrated by the initiative taken at the EC summit held in Copenhagen in June 1993. In addition to shortening the timeframe of liberalisation of EC market access, it was also proposed to undertake a feasibility study on the cumulation of rules of origin between associated countries and EFTA members.

Notes and References

1. In this document, the references to different articles are those used in the EAs. The Interim Agreements, already published in the Official Journal of the European Communities, use different numbers for articles, but also indicate in brackets the correspondent numbers of articles of the EAs.
2. Annex XI of EC AA with the Czech and Slovak Republics; Annexes VIIIa and VIIIb of EAs with Hungary and Poland.
3. Annexes XIIIa, XIIIb and XIV of EA with the Czech and Slovak Republics; Annexes Xa, Xb, Xc, XIa, XIb, XIc and XIId of EA with Hungary; and Annexes Xa, Xb, Xc and XI of EA with Poland.
4. Customs duties on steel and coal products will be progressively abolished, respectively by the seventh year and the end of the transitional period in the case of Poland, by the ninth year and immediately in the case of the Czech and Slovak Republics, and by the ninth year for both categories of products in the case of Hungary.
5. KAWECKA-WYRZYKOWSKA, E. (1992) "Europe Association Agreements: Changes and Challenges", *Re-Integration of Poland into the West European Economy*, ed. by KACZYNSKI, K. and KAWECKA-WYRZYKOWSKA, E., Foreign Trade Research Institute, Warsaw, April.
6. EBRD Economic Review (1993) *Annual Economic Outlook*, September.
7. Ibid.

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OJEC (1993), *Additional Protocol to the Interim Agreement on Trade and Trade-Related Matters between the European Economic Community and the European Coal and Steel Community and the Republic of Poland and to the Europe Agreement between the European Communities and their Member States and the Republic of Poland, No. L 195, 4 August.*

OJEC (1993), *Additional Protocol to the Interim Agreement on Trade and Trade-Related Matters between the European Economic Community and the European Coal and Steel Community and the Slovak Republic and to the Europe Agreement between the European Communities and their Member States and the Slovak Republic, No. L 195, 4 August.*

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Appendix

Europe Agreements with CEECs

Countries	Date of signature	Ratification (mid-1994)
Bulgaria	8 March 1993	Not yet
Czech Republic	4 October 1993	Not yet
Hungary	16 December 1991	Ratified
Poland	16 December 1991	Ratified
Romania	1 February 1993	Not yet
Slovak Republic	4 October 1993	Not yet

Structure of the Europe Agreements with the CEECs

The structure of the Association Agreement is as follows:

Preamble

Title I: Political Dialogue

Title II: General Principles

Title III: Free Movement of Goods

Title IV: Movement of Workers, Establishment, Supply of Services

Title V: Payments, Capital, Competition and Other Economic Provisions, Approximation of Laws

Title VI: Economic Co-operation

Title VII: Cultural Co-operation

Title IX: Institutional, General and Final Provisions

Annexes

Protocols and annexes

Table (*)1.1 EC's commitments on agricultural products originating in the ex-CSFR

	EC MFN tariffs or levies 1992 1993 1994 1995 1996 1997	NTB dismantlement 1992 1993 1994 1995 1996 1997
Non-processed General provisions		
Annex XIa (1)	50%	Elimination of specific QRs in 1992 (EEC No.3420/83) quotas/ ceilings increased by 10% (1992-96)
Annex XIb (pork meat, berries, liver, vegetables)	Tariff reduction on an item by item basis	For some items, minimum import prices
Annex XIIIa (1) (live bovine animals)	75%	9.1 8.3 7.7 7.1 (2)
Annex XIIIb (3) (Chicken, turkey, ham, eggs)	(80% 60% 40%) 80% 60% on 1.1.93 40% on 1.7.93	Quotas/ceilings increased by 10% (1992-1996)
Annex XIV (milk products)	Tariff reduction on an item by item basis	Quotas/ceilings increased on an item by item basis (1992-96)
Processed	See text of Protocol	See text of Protocol

(*) All tables include the new provisions set up by the Additional Protocols to each of the Interim Agreements. The previous provisions included in the initial Interim Agreements, and which are no longer applied, are indicated in brackets. In addition, although the tables refer to the EC-CSFR Europe Agreement, the provision of the trade part of this Agreement still apply in the territory of the former Czech and Slovak Federal Republic (ex-CSFR).

Notes:

1. Figures give the level of remaining duties (within quotas) as a percentage of the initial level.
2. Annual rates of increase of the global quota on meat.
3. Figures give the level of remaining duties or levies within quotas as a percentage of the initial level.

Source:

The EC-CSFR Europe Agreement (April 1992); Additional Protocol to the Interim Agreement on Trade and Trade-Related Matters between the EC and the Czech and Slovak Republics (August 1993).

Table (*) 1.2 EC's commitments on industrial products originating in the ex-CFSR

	EC MFN tariffs or levies 1992 1993 1994 1995 1996 1997	NTB dismantlement 1992 1993 1994 1995 1996 1997
General provisions		
Elimination in 1992		
Exceptions		
Annex I Albumin derivatives, cotton, flax)	Ruled by provisions for agricultural products	
Annex IIa (1) (raw materials)	50% elimination in 1993	
Annex IIb (1) (basic products - ferrosilicon)	(80% 60% 40% 20% elim.) 80% 60% eliminated at the end of 1993	
Annex III (1) (chemicals, TV sets, vehicles ...)	(Suspension of tariffs) Abolition of tariffs by the end of 1994	Within increased quotas or tariff ceilings
Special Protocols		
Textiles	(85% 70% 55% 40% 25% elim.) 85% 70% 55% elim.	For quantities in excess of quotas/ceilings
Steel	(71% 57% 43% 29% 14%) 71% 57% 43% 29% elim. (80% 60% 40% 20% 10% elim.) 80% 60% 40% 20% elim.	Final provisions to be negotiated with the Czech and Slovak Republics, elimination by 1992
Coal		
Most products Annex III	elim. elim.	Elimination by 1992, except for Germany & Spain (1994)

(*) See Table I.1

Note: Figures give the level of remaining tariffs as a percentage of the initial level.

Source: The EC-CFSR Europe Agreement (April 1992); Additional Protocol to the Interim Agreement on Trade and Trade-Related Matters between the European Community and the Czech and Slovak Republics (August 1993)

Table (*) 2.1 EC's commitments on agricultural products originating in Hungary

	EC MFN tariffs or levies 1992 1993 1994 1995 1996 1997	NTB dismantlement 1992 1993 1994 1995 1996 1997
Non-processed		
General provisions		Elimination of specific QRs in 1992
Annex VIIIa (1) (ducks, sausages, geese)	50%	Quotas/ceilings increased by 35% (1992-96)
Annex VIIIb (pork meat, liver, rabbits, birds, some vegetables, berries)	Tariff reduction on an item by item basis	For some items, minimum import prices
Annex Xa (1) (live bovine animals)	75%	9.1 8.3 7.7 7.1 (2)
Annex Xb (3) (meat, chicken)	80% 60% 40% 80% 60% from 1.1.93 40% from 1.7.94	Quotas/ceilings increased by 35% (1992-96)
Annex Xc (vegetables, tobacco, fruit)	75% 50% The duty rates set out for years 3, 4 and 5 under the EA are now applicable from 1.7.93, 1.7.94 and 1.7.95, respectively	Quotas/ceilings increased by 35% (1992-96)
Processed	See text of Protocol	Quotas/ceilings increased by 35% (1992-96)

(*) See Table 1.1

Notes:

1. Figures give the level of remaining duties (within quotas) as a percentage of the initial level.
2. Annual rates of increase of the global quota on meat.
3. Figures give the level of remaining duties or levies within quotas as a percentage of the initial level.

Source: The EC-Hungary Europe Agreement (April 1992); Additional Protocol to the Interim Agreement on Trade and Trade-Related Matters between the European Community and the Republic of Hungary (August 1993).

Table (*) 2.2 EC's commitments on industrial products originating in Hungary

	EC MFN tariffs or levies 1992 1993 1994 1995 1996 1997	NTB dismantlement 1992 1993 1994 1995 1996 1997
General provisions	Elimination in 1992	
Exceptions		
Annex I (Albumin, cotton)	Ruled by provisions for agricultural products	
Annex IIa(1) (raw materials)	50% elimination in 1993	
Annex IIb (1) (basic products)	80% 60% 40% 20% elim. (Suspension of tariffs)	
Annex III (1) (industrial products sensitive for the EC)	Abolition of tariffs on 1.1.95 (90% 80% 70% 60% 50% elim.) 90% 80% 70% elim.	Within increased quotas or tariff ceilings For quantities in excess of ceilings or quotas
Special Protocols		
Textiles (1)	(71% 57% 43% 29% 14%) 71% 57% 43% 29% elim. (80% 60% 40% 20% 10% elim.) 80% 60% 40% 20% elim.	Final provisions to be negotiated with each CEEC Elimination by 1992
Steel (1)		
Coal (1)	50% elim.	Elimination by 1992, except for Germany and Spain (1994)

(*) See Table 1.1

Note:

1. Figures give the level of remaining tariffs as a percentage of the initial level.

Source: The EC-Hungary Europe Agreement (April 1992); Additional Protocol to the Interim Agreement on Trade and Trade-Related Matters between the European Community and the Republic of Hungary (August 1993).

Table (*) 3.1 EC's commitments on agricultural products originating in Poland

	EC MFN tariffs or levies 1992 1993 1994 1995 1996 1997	NTB dismantlement 1992 1993 1994 1995 1996 1997
Non-processed		
General provisions		Elimination of specific QRs (according to EEC Council No. 3420/83 in 1992)
Annex VIIIa (1)	50%	Quotas/ ceilings increased by 10% (1992-96)
Annex VIIIb (pork meat, liver, some vegetables, berries, rabbit)		
Annex Xa (1) (live bovine animals)	75%	For some items, minimum import prices 9.1 8.3 7.7 7.1 (2)
Annex Xb (3) (meat, turkey, cheese, butter, milk, chicken)	(80% 60% 40%) 80% 60% from 1.1.93 40% from 1.7.93	(Quotas/ceilings increased by 10% (1992-96))
Annex Xc (vegetables, fruit)	(Tariff reduction on an item by item basis) The duty rates set out for years 3, 4 and 5 under the EA are now applicable from 1.7.93, 1.7.94 and 1.7.95, respectively See text of Protocol	Quotas/ceilings increased on an item by item basis See text of Protocol
Processed		

(*) See Table I.1

Notes:

1. Figures give the level of remaining duties (within quotas) as a percentage of the initial level.
2. Annual rates of increase of the global quota on meat.
3. Figures give the level of remaining duties or levies within quotas as a percentage of the initial level.

Source: The EC-Poland Europe Agreement (April 1992); Additional Protocol to the Interim Agreement on Trade and Trade-Related Matters between the European Community and the Republic of Poland (August 1993).

Table (*): 3.2 EC's commitments on industrial products originating in Poland

	EC MFN tariffs or levies 1992 1993 1994 1995 1996 1997	NTB dismantlement 1992 1993 1994 1995 1996 1997
General provisions	Elimination in 1992	
Exceptions		
Annex I (albumins, cotton)	Ruled by provisions for agricultural products	
Annex IIa (1) (raw materials)	50% elimination in 1993	
Annex IIb (1) (basic products)	(80% 60% 40% 20% elim.) 80% 60% elim	
Annex III (1) (sensitive products for the EC)	(Suspension of tariffs) Abolition of tariffs on 1.1.95 (85% 70% 55% 40% 25% elim.) 85% 70% 55% elim.	Within increased quotas or tariff ceilings For quantities in excess of quotas/ceilings
Special Protocols		
Textiles (1)	(71% 57% 43% 29% 14%) 71% 57% 43% 29% elim. (80% 60% 40% 20% 10% elim.) 80% 60% 40% 20% elim.	Final provisions to be negotiated with each CEEC Eliminated by 1992
Coal (1)		
Most products Annex III	elim. elim.	Elimination by 1992, except for Germany and Spain (1994)

(*): See Table I.1

Note:

1. Figures give the level of remaining tariffs as a percentage of the initial level.

Source: The EC-Poland Europe Agreement (April 1992); Additional Protocol to the Interim Agreement on Trade and Trade-Related Matters between the European Community and the Republic of Poland (August 1993).

Table (*) 4.1 The ex-CSFR, Hungary and Poland: commitments on industrial products originating in the European Community

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
CEECs MFN tariffs or levies											
General provisions											
Ex-CSFR	No provision			63%	33%	elim.					
Hungary				60%	40%	20%	elim.				
Poland		80%									
Exceptions (including textiles)											
Ex-CSFR											
Annex IV	Elimination by 1992										
Annex V	80%	40%		elim.							
Annex VI	80%	80%		60%	20%		20%	elim.			
Annex VII	80%	60%		40%	20%			elim.			
Hungary											
Annex IV	66%	33%	elim.								
Annex V				90%	75%	60%	45%	30%	15%	elim.	
Poland											
Annex IVa	elimination by 1992										
Annex IVb											
Indent 1		6/7		71%	57%	43%	29%	14%	elim.		
Indent 2											
Indents 3 & 4											
Special Protocols											
Steel											
Ex-CSFR											
Annex I	Elimination by the entry into force of the Agreement (1992)										
Annex II	80%	40%		elim.							
Annex III		80%		60%	40%			elim.			
Hungary											
Annex I				90%	75%	60%	45%	30%	15%	elim.	
Annex II	66%	33%		elim.							
Poland											
Annex II	elim.										
Other products											
Coal				80%	60%	40%	20%	elim.			
Ex-CSFR											
Hungary	elim.										
Poland				90%	75%	60%	45%	30%	15%	elim.	
Annex IVa											
Annex IVb	elim.										
Indent 1											
Annex IVb		6/7		71%	57%	43%	29%	14%	elim.		
Indents 2, 3 & 4											
Other products	Ruled by provisions on industrial products										
		80%		60%	40%	20%	elim.				

(*) See Table I.1

Note: Figures give the level of remaining tariffs as a percentage of the initial level.
Source: The EC-CSFR, EC-Hungary and EC-Poland Europe Agreements (April 1992).

Table (*) 4.2. Elimination of quantitative restrictions and measures having an effect equivalent to quantitative restrictions on imports of industrial products into the associate CEECs-4

Country	Products	Schedule
Ex-CSFR	Coal (ESCS)	Immediately, except for the products listed in Annex VIII (b) by the end of the transitional period
	Textiles	To be negotiated in a new Protocol related to the Uruguay Round
	As listed in Annex VIII	Tenth year
	All other industrial products, ESCS steel products included	Immediately
Hungary	As listed in Annex VI of the EA (ranging from gramophone records to soap) as well as ECSC coal products	Progressively abolished between 1 January 1995 and 31 December 2000
	Textiles	To be negotiated in a new Protocol related to the Uruguay Round
	All other industrial products, ESCS steel products included	Immediately
Poland	Petroleum oils; petroleum gases; other gaseous hydrocarbons; oils	By the end of the fifth year
	Automobiles and chassis and bodies thereof of at least 10 years or older; Motor vehicles for the transport of goods and chassis and bodies thereof of at least six years or older; two stroke engines for automobiles and automobiles with such engines	By the end of the transitional period
	Textiles	To be negotiated in a new Protocol related to the results of the Uruguay Round
	All other industrial products, ECSC steel and coal products included	Immediately

(*) See Table 1.1

Source: Articles 8 and 10, Annex VIII and Article 3 of Protocol No. 1 on textile and clothing products of EC AA with former CSFR; similar provisions of the EA with the Republic of Hungary; Articles 8 and 10 of the Agreement, Article 3 of Protocol No. 1 on textile and clothing products and Articles 4 and 7 of Protocol No. 2 on ECSC products to EA with Poland.

Annex

Regional trade agreements and Partners In Transition Countries' trade performance

The relative newness of regional trade agreements and, even more importantly, the slowness of the publication of trade data make it difficult at this point to analyse the impact of trade arrangements on Partners In Transition (PIT) countries' trade performance.

Nevertheless, several preliminary observations can be made at this stage. First, partial OECD data show that PIT export growth to the EFTA and EC sagged during the first half of 1993, with Hungarian exports declining to both regions and Polish exports declining to the EFTA (see Table A.1). However, this export decline to the EC and EFTA region is not necessarily directly linked to conditions under the EAs and FTAs. Given that exports of other partners also dropped (e.g. EFTA exports to EC decreased by 10 per cent during the first six months of 1993), this trend may suggest that newly achieved liberalisation is in fact partly sheltering some CEEC exporters from the full brunt of the recessionary declines on EC markets. This explanation is indirectly supported by the good performance of the PIT countries on the North American market during the first half of 1993: this region's earlier economic recovery was translated into greater demand for CEEC products.

Second, PIT imports from the EC and EFTA region often recorded double-digit growth during the first half of 1993. This trend clearly illustrates the two-way nature of the recently achieved trade liberalisation. As a result, the trade balance of PIT countries *vis-à-vis* different groups of Western partners continued to deteriorate (see Table A.2).

The third observation is related to the commodity structure between the CEECs' area and the EC. A comparison of the most recent detailed EC data available (trade for January to April in 1992 and in 1993), shows the following trends for four CEECs (Bulgaria, Hungary, Poland and Romania) :

- A marked shift in the structure of the CEECs' sales to the EC toward more labour-intensive products. CEECs' exports of raw material intensive products generally declined in 1993, but they continue to represent the second largest commodity group in CEEC exports to the EC (see Table B).
- The CEECs' shares in total EC imports of sensitive products (agriculture, chemicals, iron and steel, and textiles and apparel), ranging up to three percent, stagnated during the first part of 1993 (see Table C). Sensitive products, which continue to represent a large share of CEEC total exports to the EC (34 to 47 per cent), seem thus to receive relatively limited benefits under the recently concluded agreements.

Table A.1. Trade of PIT countries with EC and EFTA
(Growth rate in % over the previous period)

	ex-CSFR			Hungary		Poland	
	92/91	1st semester 93/92	92/91	1st semester 93/92	92/91	1st semester 93/92	
Exports to EC	41.3	4.0	13.1	- 7.0	17.1	3.0	
Exports to EFTA	39.7	1.4	7.0	-15.3	3.1	-19.4	
Exports to North America	45.8	34.8	-4.0	0.5	2.4	13.2	
Exports to OECD	39.9	n.a.	9.3	n.a.	13.1	n.a.	
Imports from EC	70.7	23.0	21.3	19.0	7.8	33.0	
Imports from EFTA	55.8	10.8	11.2	4.1	9.6	1.1	
Imports from North America	242.4	17.6	18.8	57.8	39.1	169.1	
Imports from OECD	71.4	n.a.	18.0	n.a.	8.2	n.a.	

n.a. -- not available

Source: OECD Foreign Trade Statistics, Series A; Eurostat -- Comtext, January-July 1993.

Table A.3. Geographical structure of PIT countries' trade with OECD 1991-92

Exports/imports	ex-CSFR		Hungary		Poland	
	1991	1992	1991	1992	1991	1992
Total PIT exports from OECD (in mn US\$)	6 595.0	9 225.0	6 711.0	7 337.0	9 871.0	11 157.0
of which, to (in %)						
EC	76.7	77.4	68.7	71.0	78.9	81.7
EFTA	15.6	15.6	20.9	20.4	13.3	12.1
North America	3.0	3.2	5.9	5.2	4.2	3.8
Total PIT imports from OECD (in mn US\$)	6 276.0	10 757.0	6 648.0	7 842.0	12 622.0	13 662.0
of which, from (in %))						
EC	75.6	75.2	65.1	66.9	77.5	77.2
EFTA	19.9	18.0	26.9	25.4	14.4	14.6
North America	2.2	4.4	4.1	4.1	3.9	5.0

Source: OECD Foreign Trade Statistics, Series A.

Table B. Structure of EC imports by factor intensity

(January-April 1993) (percentage)

	Capital intensive	Easily copied R&D	Labour intensive	Not easily copied R&D	Raw Material intensive	Total
Poland	17.4	3.5	41.9	12.8	24.5	100.0
Hungary	9.0	7.6	39.4	23.1	20.9	100.0
Romania	8.3	3.0	68.4	9.9	10.4	100.0
Bulgaria	22.0	5.9	40.3	9.7	22.1	100.0

Variation 1992-1993 (January-April) (ECU thousands)

	Capital intensive	Easily copied R&D	Labour intensive	Not easily copied R&D	Raw Material intensive	Total
Poland	26 208	-6 030	174 582	73 436	-171 947	96 249
Hungary	-13 213	-2 584	-1 420	30 054	-104 925	-92 088
Romania	-523	-1 239	54 002	6 100	8 284	66 624
Bulgaria	2 194	2 951	22 950	-765	-13 149	14 181

Variation 1992-1993 (January-April) (percentage)

	Capital intensive	Easily copied R&D	Labour intensive	Not easily copied R&D	Raw Material intensive	Total
Poland	7.2	-7.1	22.6	34.0	-23.7	4.5
Hungary	-11.2	-2.8	-0.3	12.5	-30.0	-7.3
Romania	- 1.3	-7.7	19.4	14.5	19.6	15.8
Bulgaria	3.6	21.1	24.9	-2.7	-17.2	5.2

Source: Eurostat

Table C. EC sensitive products imports from selected CEECs

(January-April 1993) (ECU thousands)

	Agriculture	Textile & Apparel	Chemicals	Iron & Steel	Total
Bulgaria	30 232	66 912	22 840	7 203	127 187
Hungary	156 728	226 510	102 793	28 624	514 655
Poland	150 419	425 811	134 639	62 657	773 526
Romania	12 790	169 809	21 555	24 657	228 811

*Partner share in extra EC imports
(January-April 1993)(percentage)*

	Agriculture	Textile & Apparel	Chemicals	Iron & Steel	Total
Bulgaria	0.4	0.5	0.3	0.3	0.4
Hungary	1.9	1.6	1.5	1.1	1.6
Poland	1.8	3.0	1.9	2.5	2.4
Romania	0.2	1.2	0.3	1.0	0.7

Variation 1992-1993 (January-April) (percentage)

	Agriculture	Textile & Apparel	Chemicals	Iron & Steel	Total
Bulgaria	-14.4	22.2	9.6	-66.0	- 3.7
Hungary	-34.2	5.8	-13.4	-36.3	-16.4
Poland	-32.0	30.4	-22.9	-33.7	- 5.3
Romania	-43.3	23.0	-24.0	-15.0	5.0

Source: Eurostat