

GENERAL AGREEMENT ON

RESTRICTED

C/W/685

27 September 1991

TARIFFS AND TRADE

Limited Distribution

COUNCIL

8 October 1991

CZECH AND SLOVAK FEDERAL REPUBLIC

RENEGOTIATION OF SCHEDULE X

Considering that the Government of the Czech and Slovak Republic (CSFR) has informed the CONTRACTING PARTIES that, following the fundamental reform of its economic régime, in particular the transformation from a centrally-planned to a market economy, it has recently undertaken a review of its customs tariff;

Considering that as regards in particular foreign trade, the CSFR has taken significant steps to liberalize its former régime by eliminating the monopoly of state-controlled foreign trade enterprises, so that any person may now engage in foreign trade activities;

Noting that at the beginning of 1991, all restrictions on imports (with a few exceptions) were eliminated and that tariffs have consequently become the only protection for the domestic industry;

Taking into account that the CSFR has, as a result of previous GATT negotiations, a very low average tariff rate and a very high level of tariff bindings, but that these concessions were made under an entirely different trade policy régime;

Considering that the above-mentioned review of the customs tariff of the CSFR has revealed that the efforts of the Government of the CSFR to achieve a foreign trade system based on the market principles are being impaired by the inadequacy of the present customs tariff and that it has become clear that the protection of certain sectors of the domestic industry through tariffs is insufficient and is bound to result in serious difficulties and in certain cases in unjustified closing down of these industries;

Noting that the Government of the CSFR has therefore decided to increase, starting on 1 January 1992, some tariffs and at the same time modify and withdraw the corresponding concessions in its Schedule X, but to reduce on the same date other bound tariff rates, which will to a considerable extent compensate for the modifications and withdrawals;

Recognizing that in view of the time constraint, it will not be possible for the Government of the CSFR to terminate the negotiations and consultations under the procedures of Article XXVIII of the General Agreement before the scheduled date of implementation of the tariff changes;

Urging the Government of the CSFR to submit to the contracting parties as soon as possible the documentation required to carry out the negotiations and consultations provided for under Article XXVIII of the General Agreement.

The CONTRACTING PARTIES, acting pursuant to the provisions of Article XXV:5 of the General Agreement,

Decide, in view of the exceptional circumstances, to suspend the application of the provisions of Article II of the General Agreement to enable the Government of the CSFR to implement, on 1 January 1992, certain changes in its customs tariff, subject to the following conditions:

1. The Government of the CSFR will promptly enter into negotiations and consultations with interested contracting parties in accordance with Article XXVIII, paragraphs 1-3;
2. The above negotiations and consultations shall be completed by 31 December 1992;
3. Pending the entry into force of the results of the above negotiations or consultations, the other contracting parties shall be free to suspend the concessions initially negotiated with the CSFR in so far as they consider that the Government of the CSFR does not offer adequate compensation.