

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND TURKEY

Questions and Replies

Contracting parties were invited (GATT/AIR/3339) to communicate to the secretariat any questions they might wish to put concerning the Free Trade Agreement between the EFTA States and Turkey¹ relating to the Agreement. In response to this request, a number of questions were received and were transmitted to the parties to the Agreement. The questions and the replies which have been received are set out below.

1. Scope of the Agreement (Article 2)

Question

What percentage of trade between EFTA and Turkey is accounted for by (a) products specified in Annex I; (b) products specified in Protocol A; (c) fish and other marine products of Annex II; (d) agricultural products not covered by paragraph 1 of Article 2.

Answer

Total trade between the EFTA States and Turkey during 1991 amounted to US\$ 1,629,535,500. The Free Trade Agreement (including Protocol A and Annex II), together with the bilateral agricultural arrangements, account for 94.0% of total trade between EFTA and Turkey.

- (a) There was virtually no trade in products excluded from the Free Trade Agreement under Annex I.
- (b) 0.4% of trade is accounted for by Protocol A.
- (c) 0.7% of trade is accounted for by Annex II.
- (d) 12.2% of trade (=agricultural products) is not covered by paragraph 1 of Article 2. However, the bilateral agricultural arrangements account for 6.2% of total trade.

Note: The statistics in parts (b), (c) and (d) above represent the year 1991, with the exception of input figures for Austria which are from 1990.

¹ Copies of the text of the Agreement were sent to each contracting party with document L/6989/Add.1.

2. Non-Economic reasons for restrictions (Article 8)

Question

Under Article 8 prohibitions or restrictions on imports, exports, etc., may be justified on grounds of "public policy". What is meant by "public policy" in this context?

Answer

"Public policy" or "ordre public" is a notion widely referred to in national legislation and various international agreements. This notion covers all the essential, basic rules which have been laid down in the interest of the well-functioning of the society; which basic interests of the society shall be protected, may vary from State to State.

3. Trade in agricultural products (Article 11)

Question

To facilitate trade in agricultural products, bilateral arrangements have been concluded between each EFTA State and Turkey. What are the provisions of these arrangements? Are they GATT consistent? Do these arrangements conform with Article XXIV?

Answer

The bilateral arrangements are, in accordance with Article 11 of the Free Trade Agreement, a part of the free-trade area established between the EFTA States and Turkey, and are consistent with Article XXIV of the General Agreement. The arrangements are similar to each other, both with regard to structure and content. All refer directly to the EFTA-Turkey Free Trade Agreement. The scope varies between the arrangements but cover mostly products falling under HS chapters 07, 08, 15, 20 and 21. The concessions provide, unilaterally on the part of the EFTA countries, for the abolition and reduction of customs duties. All arrangements have articles referring to scientific and technical co-operation. All arrangements have annexes containing rules of origin which have been agreed upon by the parties, although these are based on the provisions in the EFTA-Turkey Free Trade Agreement.

The arrangements vary somewhat in that some of them contain provisions and references which are not contained in other arrangements. Specifically, two of the arrangements contain safeguard clauses, while two have review clauses, and another two contain references to their price compensation systems. Furthermore, four agreements have provisions concerning changes in their import régime for agricultural products (for example as a result of the Uruguay Round), and one of them has references to Articles 13 (payments) and 31 (territorial application) to the EFTA-Turkey Free Trade Agreement.

4. State aid (Article 18)

Question

What is the definition of "indirect aid" which may be granted to exports under paragraph 3(b).

Answer

"Indirect aid" mentioned in paragraph 3(b) of Article 18 of the EFTA-Turkey Free Trade Agreement, is not specifically defined in the Agreement. It should, however, be understood to be in conformity with the GATT Subsidies Code.