

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

L/7196

23 April 1993

Limited Distribution

PROTOCOLS REGARDING TEMPORARY ARRANGEMENTS ON TRADE AND ECONOMIC CO-OPERATION BETWEEN FINLAND AND ESTONIA, LATVIA AND LITHUANIA

Questions and Replies

Contracting Parties were invited (GATT/AIR/3386) to communicate to the secretariat any questions they might wish to put to Finland concerning Protocols Regarding Temporary Arrangements on Trade and Economic Co-operation Between Finland and Estonia, Latvia and Lithuania.¹ In response to this request, a number of questions were received and were transmitted to Finland. The questions and the replies which have been received are set out below.

1. GENERAL

Finland/Estonia, Finland/Latvia and Finland/Lithuania Protocols

1.1 Question

Has Finland modified any then existing measures or introduced new ones regarding its import régime applied to the GATT contracting parties that would affect its imports from them, on the occasion of the conclusion of these Protocols? If there is any, please provide detailed descriptions on each of such measures modified or introduced, and explain the reasons for it and give the view on its GATT consistency.

In particular, has Finland raised its tariff rates on any items during this period? If there is any, please provide a list of these items. Also, please indicate when each modification was made and how much percentage each modification was.

1.1 Answer

There have been some minor modifications in the Finnish import régime that would affect also contracting parties. These modifications contain reductions of certain duties of raw materials and intermediates not produced in Finland but used for manufacturing of certain specific goods, as well as removal of some agricultural products from licensing requirements. No tariff increases have taken place. The purpose of these modifications is to liberalize the trade régime in general.

¹ Copies of the text of the Protocols were sent to each contracting party with document L/7130/Add.1.

Finland/Estonia, Finland/Latvia and Finland/Lithuania Protocols

1.2 Question

Were there any agreements to regulate trade between Finland and the former USSR? If any, please explain the current status of such agreements. Have Estonia, Latvia or Lithuania succeeded to any of these agreements? If any, please provide the details of these agreements and information on their operation.

1.2 Answer

As mentioned in document C/RM/G/20 of 8 November 1991, page 14, Finland had a separate customs agreement with the former Soviet Union granting duty-free entry to goods originating in that state. This agreement was denounced last year and for the time being normal MFN-treatment is granted on the basis of a new trade agreement. Estonia, Latvia and Lithuania have never succeeded to this agreement.

2. TRADE LIBERALIZATION

Finland/Estonia, Finland/Latvia and Finland/Lithuania Protocols

2.1 Question

Regarding Article 2.1, please specify the nature and scope of "customs duties and other charges having equivalent effect".

2.1 Answer

This language is widely used in many free trade agreements. There is no agreed specification as regards the nature and scope of this expression between the parties concerned. In the case of disputes, parties will enter into consultations.

Finland/Latvia Protocol

2.2 Question

Can Finland provide a summary of the exceptions provided for in Annex I to the Protocol (Article 2.1)?

2.2 Answer

Requested Annex I of the Protocol is reproduced on page 6 of this document.

Finland/Estonia, Finland/Latvia and Finland/Lithuania Protocols

2.3 Question

Regarding Article 2.2, please specify the nature and scope of "quantitative restrictions or measures having equivalent effect".

2.3 Answer

This language is widely used in many free trade agreements. There is no agreed specification as regards the nature and scope of this expression between the parties concerned. In the case of disputes, parties will enter into consultations.

Finland/Latvia Protocol

2.4 Question

Can Finland provide a summary of the exceptions provided for in Annex II to the Protocol (Article 2.2)?

2.4 Answer

Annex II is reproduced on page 8 of this document. It contains products the export of which is limited in all free trade agreements concluded by Finland.

Finland/Lithuania Protocol

2.5 Question

Why are products listed in Annex I exempted from the provisions of Article 2:2?

2.5 Answer

The products contained in Annex I are those which are excluded from free exportation in all free trade agreements concluded by Finland (i.e. products covered by licensing requirements).

2.6 Question

Within what timeframe does the Joint Commission expect to produce the list of products which "when exported from Lithuania" the provisions of Article 2, paragraph 2 do not apply?

2.6 Answer

The Joint Commission meeting is foreseen in the very near future and it is expected that also this pending question could be finalized at that time.

Finland/Estonia Protocol

2.7 Question

What measures are expected to be applied to the products of Chapters 1 to 24 (of the Harmonized Commodity Description and Coding System)? Within what timeframe is the Joint Committee expected to decide on these measures? (Article 2.4)

2.7 Answer

Negotiations concerning a separate agricultural protocol will be finalized in the near future. The protocol covers both basic commodities and processed products of Chapters HS 1-24. Also fish and fishery products will be part of the Protocol.

Finland/Latvia Protocol

2.8 Question

What measures are expected to be applied to the products of Chapters 1 to 24 (of the harmonized Commodity Description and Coding System)? Within what timeframe is the Joint Committee expected to decide on these measures (Article 2.4)?

2.8 Answer

The Protocol signed with Latvia has not yet been ratified by Parliament. The ratification is foreseen in the near future after which the Joint Committee will take necessary measures as regards products of Chapters 1-24.

3. RULES OF ORIGIN

Finland/Estonia

3.1 Question

Can Finland explain why products originating in the Republics of the Soviet Union would appear to benefit from the preferential treatment provided by this Free Trade Agreement (Article 4 of the Annex and Article 5 of the Protocol)?

3.1 Answer

By signing the free trade protocol as soon as possible, Finland wanted to ensure that existing factual free trade could continue without any break after the independence of Estonia. For this reason the rules of origin had to be formulated in a very flexible manner enabling preferential treatment also for goods originating from all Baltic States and also from Republics of the Commonwealth of Independent States (CIS). This situation has now changed and the Joint Committee administering the Protocol has decided to introduce new rules of origin as of 1 May 1993. These rules follow so-called EFTA model and will exclude CIS from preferential treatment.

4. TRADE AND ECONOMIC CO-OPERATION

Finland/Latvia

4.1 Question

The final sentence of Article 4 "Individual economic operators may agree to any payment terms consistent with the respective laws of the

Parties" is unique to the Latvian Protocol. Can Finland clarify the rationale behind the use of this phrase solely in the Latvian protocol?

4.1 Answer

This sentence was requested by the Latvian party in order to give legal basis to these type of transactions which are otherwise prohibited by local rules.

5. JOINT COMMISSION

Finland/Latvia

5.1 Question

What events are envisaged as falling within "the special circumstances" referred to in Article 9?

5.1 Answer

This expression should be read together with Article 10 and it enables the Joint Commission to meet whenever necessary in order to solve problems related to trade between parties.

ANNEX I TO THE PROTOCOL REGARDING TEMPORARY ARRANGEMENTS
ON TRADE AND ECONOMIC CO-OPERATION BETWEEN THE
REPUBLIC OF FINLAND AND THE REPUBLIC OF LATVIA

List of products to which the provisions of Article 2,
paragraph 1, do not apply when exported from Latvia

Chapter 25

- 2520.00000 Gypsum; anhydride; plasters (consisting of calcined gypsum or calcium sulphate) whether or not coloured, with or without small quantities of accelerators or retarders
- 2521.00000 Limestone flux; limestone and other calcareous stone, of a kind used for the manufacture of lime or cement

Chapter 41

- 4101.00000 Raw hides and skins of bovine or equine animals (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split

Chapter 44

- 4401.10000 Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms
- 4401.10002 Firewood up to 1 m in length, over 6 cm in diameter
- 4401.20000 Sawdust and wood in chips
- 4401.21000 Coniferous
- 4401.21010 Wood in chips
- 4401.21011 Fir trees
- 4401.21012 Other
- 4401.21020 Sawdust
- 4401.21021 Fir trees
- 4401.21022 Other
- 4401.22000 Non-coniferous
- 4401.22010 Wood in chips
- 4401.22020 Sawdust
- 4403.00000 Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared:
- 4403.20000 Other, coniferous
- 4403.20010 Ordinary fir trees, regardless of diameter or length
- 4403.20020 Other coniferous
- 4403.20021 Length not exceeding 3 m, diameter 6-14 cm
- 4403.20022 Length exceeding 2 m, diameter up to 14 cm
- 4403.20023 Length exceeding 2 m, diameter 14-24 cm
- 4403.20024 Length exceeding 2 m, diameter over 26 cm
- 4403.90000 Other
- 4403.90001 Length not exceeding 3 m, diameter 8-14 cm
- 4403.90002 Length exceeding 3 m, diameter up to 14 cm
- 4403.90003 Length exceeding 2 m, diameter 14-24 cm

4403.90004 Length exceeding 1,6 m, diameter 26 cm and over
4407.00000 Wood sawn or chipped lengthwise, sliced or peeled, whether
or not planed, sanded or finger-jointed, of a thickness
exceeding 6 mm
4407.00001 Not sawed
4407.00002 Sawed, details
4407.00003 Packing sets
4407.00004 Details of pallets
4407.00005 Planed saw-timber and details

Chapter 72

7204.00000 Ferrous waste and scrap; remelting scrap ingots of iron or
steel

Chapter 74

7404.00000 Copper waste and scrap

Chapter 75

7503.00000 Nickel waste and scrap

Chapter 76

7602.00000 Aluminium waste or scrap

Chapter 78

7802.00000 Lead waste and scrap

Chapter 79

7902.00000 Zinc waste and scrap

Chapter 80

8002.00000 Tin waste and scrap

Chapter 89

8908.00000 Vessels and other floating structures for breaking up

ANNEX II OF THE PROTOCOL REGARDING TEMPORARY ARRANGEMENTS
ON TRADE AND ECONOMIC CO-OPERATION BETWEEN THE
REPUBLIC OF FINLAND AND THE REPUBLIC OF LATVIA

List of products to which the provisions of Article 2,
paragraph 2, do not apply when exported from Finland

- | | |
|-----------|-------------------------|
| ex. 72.04 | Ferrous waste and scrap |
| ex. 89.08 | Vessels for breaking up |