

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

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### FREE TRADE AGREEMENTS BETWEEN NORWAY AND ESTONIA, LATVIA AND LITHUANIA

#### Questions and Replies

Contracting Parties were invited (GATT/AIR/3370) to communicate to the secretariat any questions they might wish to put to Norway concerning the Free Trade Agreements between Norway and Estonia, Latvia and Lithuania. A number of questions were put to Norway at the first meeting of the Working party held on 3 June 1993. These questions and replies by Norway are set out below.

#### 1. SCOPE OF THE AGREEMENT (Article 2)

##### 1.1 Question

Article 1 of the Free Trade Agreements between Norway and Estonia, Latvia and Lithuania state that they shall apply to products of HS Chapters 25-97, i.e. agricultural products are excluded. What proportion of the overall bilateral trade between respective parties is accounted for by products in HS Chapters 1-24?

##### 1.1 Answer

The proportion of imports (1992 figures) accounted for by products in HS Chapters 1-24 (excluding fish and other marine products) between Norway and Estonia is 0.5 percent and between Norway and Lithuania 0.3 percent. In 1992 there was no import of agricultural products from Latvia. In total the Free Trade Agreements, together with the Agricultural Protocols, account for approximately 99 percent of the trade between Norway and the Baltic countries.

#### 2. TRADE IN AGRICULTURAL PRODUCTS

##### 2.1 Question

It is noted that in the Agreements between Norway and Estonia, Latvia and Lithuania concerning trade in agriculture, Norway gives a reduction in tariffs below the general rate. Will Norway be seeking reciprocal tariff reductions from Estonia, Latvia and Lithuania? How are reductions in tariffs consistent with the Article XXIV obligation to eliminate tariffs?

##### 2.1 Answer

Norway's bilateral agricultural protocols with Estonia and Latvia contain unilateral concessions, while Norway's agricultural protocol with

Lithuania also contains concessions given by Lithuania for some specific agricultural products. According to article 8 in the Protocol with Latvia and Estonia and article 9 in the Protocol with Lithuania, the Parties to the Protocols have declared their readiness to foster harmonious development of trade in agricultural products. The parties have agreed to review the contents of the Protocols at regular intervals. Such a review could e.g. lead to reciprocal tariff reductions from Estonia and Latvia.

3. PROHIBITION AND ABOLITION OF QUANTITATIVE RESTRICTIONS ON IMPORTS AND EXPORTS OR MEASURES HAVING EQUIVALENT EFFECT (Article 6)

3.1 Question

Why are Norway's export restrictions on certain iron products, listed in Annex II, not to be abolished in relation to the Agreements with Estonia and Lithuania?

3.1 Answer

Until now Norway has applied quantitative restrictions on export of ferrous waste and scrap to safeguard the supply of input materials. The export restrictions are applied "erga omnes," and with regard to article XX(i). Once the EEA agreement enters into force Norway will consider abolishing these quantitative restrictions also towards third countries e.g. Estonia, Latvia and Lithuania.

3.2 Question

In the Norway-Latvia Agreement quantitative restrictions on a number of products listed in Annex II will not be abolished according to Articles 6.2 of the Agreement. What is the reason for these exemptions?

3.2 Answer

In the free trade agreement between Latvia and Norway, Latvia is applying restrictions on export of e.g. limestone, some wood products and ferrous waste and scrap. These export restrictions are being applied during a transitional period for scarce products in order to prevent an outflow from Latvia. The export restrictions will be reviewed in the next Joint Norway-Latvia Committee with a view to their abolishment.

4. GENERAL EXCEPTIONS

4.1 Question

Article 7 of each of the Norwegian agreements does not preclude prohibitions or restrictions on imports and exports justified on grounds of "protection of the environment". What is the specific scope of this term?

4.1 Answer

The term "protection of the environment" mentioned in Article 7 of each of the Norwegian agreements is not specifically defined in the Agreements. Article 7 is a general safeguard clause that permits the possibility of using restrictions or prohibitions in order to safeguard e.g. the environment. The article underlines that such a prohibition or restriction shall not constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties to the Agreements.