

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

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WORKING PARTY ON THE AGREEMENT ESTABLISHING THE CUSTOMS UNION  
BETWEEN THE CZECH REPUBLIC AND THE SLOVAK REPUBLIC

Questions and Replies

Contracting parties were invited (GATT/AIR/3341) to communicate to the Secretariat any questions they might wish to put concerning the Agreement establishing a Customs Union between the Czech Republic and the Slovak Republic. In response to this request, a number of questions were received and were transmitted to the Parties to the Agreement. The questions and replies which have been received are set out below.

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1. AID FOR EXPORTS TO THIRD COUNTRIES (ARTICLE 26)

1.1 Question

Article 26 refers to the granting of aid for exports to third countries. What form does this aid take? To which manufacturing and agricultural products is such aid granted? Does this aid conform with the General Agreement's provisions on export subsidies?

1.1 Answer

The Czech Republic and the Slovak Republic do not apply at present any export subsidies on industrial products (in regard to agricultural export subsidies see reply to question 2.2).

2. TRADE IN AGRICULTURAL PRODUCTS

2.1 Question

Can the Parties to the Agreement please explain why the provisions of Articles 19 and 26 do not apply to agricultural products?

2.1 Answer

Taking into account the previous homogeneity of conditions in agriculture of the former CSFR and with the aim of preserving this homogeneity to the greatest extent possible the Parties decided to conclude, within the framework of the Customs Union, an agreement covering broad range of issues in the area of agriculture, food processing, forestry and water management. This agreement stipulates that co-ordination of agricultural policies includes, *inter alia*, both export subsidies and domestic support.

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This explains why the provisions of Articles 19 and 26 of the Agreement on Customs Union do not apply to agricultural products.

## 2.2 Question

Article II, paragraph 2 of the Agreement on Mutual Relations and Principles of Co-operation in Agriculture, Food Processing, Forestry and Water Management (L/7212/Add.1) covers co-ordination of agricultural policies of the Contracting Parties and refers, *inter alia*, to export subsidies. Could the Parties advise whether export subsidies apply to, or are contemplated for, the products covered by this Agreement?

## 2.2 Answer

The export subsidies on agricultural products are applied through the State Funds on Market Regulation on those commodities the purchasing prices of which are guaranteed by the State. They assist in removing the temporary surpluses of selected products on domestic market in the form of financial compensation of exporters for the differences between the domestic purchasing price and the exporting price.

The export of these products is marginal and the volume of export subsidies is negligible. These subsidies are in conformity with respective provisions of GATT (for further details see Schedules XCII - Czech Republic and XCIII - Slovak Republic resulting from the Uruguay Round).

In accordance with the Agreement on Mutual Relations and Principles of Co-operation in Agriculture, Food Processing, Forestry and Water Management the co-ordination in granting aid for agricultural export covers all agricultural products.