

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

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WORKING PARTY ON THE FREE TRADE AGREEMENT BETWEEN  
THE EFTA STATES AND ROMANIA

Questions and Replies

Contracting parties were invited (GATT/AIR/3462) to communicate to the Secretariat any questions they might wish to put concerning the Free Trade Agreement between the EFTA States and Romania. 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. Scope (Article 2)

1.1 Question

What percentage of trade between the EFTA States and Romania is accounted for by products:

- (a) falling within Chapters 25-97 of the Harmonised Commodity description and Coding System?
- (b) listed in Annex I to the Agreements?
- (c) specified in Protocol A to the Agreements?
- (d) listed in Annex II to the Agreements?
- (e) not covered by Chapters 25-97, Annex I, Protocol A and Annex II?

1.1 Answer

- (a) Products falling in HS Chapters 25 to 97 account for 87.5 per cent of the total trade between the EFTA countries and Romania (1991).<sup>1</sup>
- (b) Products listed in Annex I account 0.0 (zero) per cent of imports from Romania (1991).
- (c) Products specified in Protocol A account for 0.40 per cent of the total trade between the EFTA countries and Romania (1991).

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<sup>1</sup>Corresponding figures from 1992 can be made available at later stage.

- (d) Products listed in Annex II account for 0.09 per cent of the total trade between the EFTA countries and Romania (1991).
- (e) Products not covered by Chapters 25-97, Annex I, Protocol A and Annex II (agricultural products - Protocol A in agricultural products - Fish + Annex I) account for 12.2 per cent of the total trade between EFTA States and Romania (1991).

## 1.2 Question

What are the intentions of the Parties to the Free Trade Agreements for bringing products not covered by Article 2 into the Agreement?

## 1.2 Answer

A large number of those products not covered by Article 2 of the Agreement are basic agricultural products. These are, however, to a large extent covered in the bilateral agricultural arrangements, which have been concluded within the framework of the FTAs to provide for measures to facilitate trade in agricultural products. The intentions of the Parties to the Free Trade Agreement are to foster, in so far as their agricultural policies allow harmonious development of trade in agricultural products. The few products listed in Annex 1 are excluded on permanent basis.

## 2. Rules of Origin (Article 3)

### 2.1 Question

Can Parties confirm that the rules of origin provisions are consistent with the rules of origin set out in the Final Act and will not result in higher trade barriers to non-parties to the Agreement?

### 2.1 Answer

The provisions on rules of origin laid down in Protocol B to the EFTA-Romania Agreement are conceived for the purpose of this Free Trade Agreement and are thus not required to be consistent with the rules of origin set out in the Final Act of the Uruguay Round.

The rules of origin contained in Protocol B will not result in higher trade barriers to non-parties to the Agreement.

## 3. Customs duties on exports and charges having equivalent effect (Article 7)

### 3.1 Question

What customs duties or duties having equivalent effect are presently applied on exports by the Parties to this trade Agreement?

### 3.1 Answer

The provisions of Annex V allow Iceland to apply export duties on fish products. However, no such duties are applied at present.

A charge of 0.5 per cent ad valorem for customs modernization and development purposes is applied by Romania. That charge will be reduced to 0.25 per cent at the end of 1995 and will be eliminated at the latest by the end of 1997.

4. Quantitative restrictions on imports (Article 8)

4.1 Question

What quantitative restrictions on imports and measures having equivalent effect are presently applied on imports by the Parties to this Agreement?

4.1 Answer

The following import restrictions are applied by the EFTA States:

- (a) Quantitative restrictions on lignite shall be progressively abolished by Austria until the end of the transition period,
- (b) permanent quantitative restrictions apply in Iceland on brooms and brushes,
- (c) quantitative restrictions apply in Norway on netting and made up fishing nets, of textile materials, and on textile clothing and linen. These restrictions will be abolished by 31 December 1997.

Romania will apply, until the end of the year 2000, measures prohibiting the registration of imported used buses, cars and lorries of eight years or older.

5. Quantitative restrictions on exports (Article 9)

5.1 Question

What quantitative restrictions, and measures having equivalent effect, are currently applied by Parties to this Agreement on exports?

5.1 Answer

The following export restrictions are applied by the EFTA States:

- (a) on ferrous waste and scrap by Austria, Finland, Liechtenstein, Norway and Switzerland,
- (b) on unwrought copper, copper waste and scrap and on aluminium waste and scrap by Austria, and
- (c) on vessels and other floating structures for breaking up by Finland.

Romania applies, in 1994, temporary export prohibitions on a few essential basic products. Apart from this, a few products, raw materials and medicines are temporarily subject to export quotas. The export restrictions, which were progressively reduced during the last years, will be abolished by Romania at the latest by the end of 1997.

6. State monopolies (Article 11)

6.1 Question

What products are currently subject to State monopolies?

6.1 Answer

The Agreement does not contain any lists of state monopolies or products subject to state monopolies in the States Parties, with the exception of those state monopolies listed in Protocol D and to which the provisions of Article 9 do not apply. Since Protocol D is a part of the Free Trade Agreement it has been notified together with the Agreement and its Annexes and Protocols to the Contracting Parties. For easy reference, the text of Protocol D is reproduced in Annex I to this document.

7. Technical regulations (Article 12)

7.1 Question

Will the technical regulations and amendments apply equally to all countries and be notified under the TBT Agreement?

7.1 Answer

The technical regulations and amendments will be applied equally to all countries under the provisions of the TBT Agreement, and will be notified under the TBT Agreement.

8. Trade in agricultural products (Article 13)

8.1 Question

In what manner do the bilateral arrangements between the EFTA countries and Romania facilitate trade in agricultural products?

8.1 Answer

The bilateral arrangements abolish or reduce customs duties and charges having equivalent effect on a large number of products of trade interest to the Parties of the Agreement. The arrangements also contain review clauses, thus allowing to review the functioning and also the coverage of the arrangements.

9. Internal taxation (Article 14)

9.1 Question

Are there any measures or practices of an internal fiscal nature establishing, whether directly or indirectly, discrimination against other countries? If so what are they?

9.1 Answer

There are no measures or practices of an internal fiscal nature establishing discrimination against other countries.

9.2 Question

Can the Parties to the Agreements clarify what is meant by direct and indirect taxation in respect of the provisions of Article 14.

9.2 Answer

Income tax or corporate profit tax are examples of direct taxation, whereas turnover tax and value added tax are examples of indirect taxation.

10. Rules of competition (Article 18)

10.1 Question

What criteria are to be applied in assessing whether actions prevent, restrict or distort competition, or whether actions by dominant undertakings constitute an abuse of their position? Are these considerations subject to specific legally based processes within the States parties to the Free Trade Agreement?

10.1 Answer

No further criteria have been defined in Article 18 of the Agreement. The assessment of the conduct of undertakings is made on case-by-case basis, taking into consideration the effects of the competition and trade between Parties.

11. State aid (Article 19)

11.1 Question

Can the Parties to this Agreement confirm that any action taken in accordance with Article 19 will be in accordance with the relevant provisions of the GATT?

11.1 Answer

Yes.

12. Dumping and emergency action (Articles 20 and 21)

12.1 Question

Can the Parties to this Agreement give assurance that any action in respect of dumping or emergency action (Articles 20 and 21) will not attribute to third countries any injury resulting from imports from States Parties to the Agreement, particularly where a commonly acceptable solution is agreed in accordance with Article 25 of the Agreement?

12.1 Answer

No injury is attributed to third countries by any action in respect of dumping or emergency actions (Articles 20 and 21), not even in cases where a commonly acceptable solution is agreed in accordance with Article 25 of the Agreement.

13. Re-export and serious shortage (Article 23)

13.1 Question

What quantitative export measures would be maintained, or are envisaged as being applied, under Article 23?

13.1 Answer

No particular restrictions are being envisaged under Article 23.

14. Balance-of-payments difficulties (Article 24)

14.1 Question

Will the commitments under Article 24 on balance-of-payments measures be carried out in a non-discriminatory fashion and without prejudice to the interests of these countries?

14.1 Answer

Article 24 provides that any measures for balance-of-payments purposes will be applied in accordance with the conditions established under the GATT.

Annex I

PROTOCOL D

MONOPOLIES NOT ADJUSTED IN ACCORDANCE WITH ARTICLE 11 AT  
THE ENTRY INTO FORCE OF THE AGREEMENT

1. Article 11 of the Agreement shall apply to Liechtenstein and Switzerland with regard to state monopolies concerning salt and gunpowder and to the Icelandic monopoly on fertilizers only to the extent that these States will have to fulfil corresponding obligations under the Agreement between the EFTA States and the European Economic Community and their Member States on a European Economic Area.
2. Article 11 shall be applicable at the latest from 1 January 1995 in the case of the Austrian monopoly on salt.
3. The adjustment according to paragraph 1 of Article 11 shall in the case of Romania be made progressively and be accomplished not later than five years after the entry into force of the Agreement.