

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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**GERMAN UNIFICATION: TRANSITIONAL MEASURES
ADOPTED BY THE EUROPEAN COMMUNITIES**

**Report by the European Communities
on the use of the Waiver of 14 June 1993¹**

The following communication dated 1 December 1994 has been received from the European Communities with the request that it be circulated to the contracting parties.

I. Introduction

By a Decision of 14 June 1994, the CONTRACTING PARTIES agreed to grant a waiver to the European Communities in order to allow them to apply the transitional measures described in the Decision. The latter provides that the European Communities shall submit a report on the use that has been made of the waiver. The present document is a response to the CONTRACTING PARTIES' Decision.

As indicated in the Decision of 14 June 1993, the waiver concerns the establishment of temporary duty-free treatment and the derogation from certain standards and norms for imports of eligible products into part of the European Economic Community from beneficiary Central and Eastern European countries, as provided for in the Regulations and Decisions of the European Communities (Council Regulation (EEC) No. 1343/93).

II. Assessment of the effects of applying the waiver

Figures are given in the annex to this document. Their analysis calls for the following remarks:

- (a) Import trade between the new Bundesländer and Central and Eastern Europe is insignificant: compared with a potential theoretical annual total of DM 26,191.7 million in eligible imports actual imports, whether covered or not by bilateral arrangements, totalled DM 6,663 million in 1991 and DM 4,671 million in 1992 (last year in which full statistics were available) or 25.4 per cent and 17.8 per cent respectively of theoretical concessions. Imports which were actually covered by bilateral arrangements amounted to DM 472 million in 1991, DM 786.9 million in 1992 and DM 447.4 million in the first half of 1993 (1.8 per cent, 3 per cent and 3.4 per cent of theoretical concessions). Imports covered by bilateral arrangements accounted for 7.1 per cent

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of total imports in 1991 and 16.8 per cent in 1992 (statistics for 1993 were not available).

- (b) A large proportion of imports covered by the bilateral arrangements is accounted for by steel products: imports of iron, pig iron and steel (Chapters 72 and 73 of the Combined Nomenclature) amounted to DM 375.8 million in 1992 and DM 254.2 million in the first half of 1993 (47.7 per cent and 56.8 per cent of total imports actually benefiting from the arrangements). If we add other metals (Chapters 74 to 81 of the Combined Nomenclature), imports of which amounted to DM 186.4 million in 1992 and DM 39.7 million in the first half of 1993, we can see that two thirds of the imports in 1992 and the first half of 1993 under the arrangements were metals.

It is interesting to note that imports of iron, pig iron and steel from the former Soviet Union and the former Czech and Slovak Federal Republic alone account for 40 per cent of all imports in 1992 covered by the arrangements: this figure was as high as 49.5 per cent in the first half of 1993 (28.3 per cent in the case of the former Soviet Union and 21.2 per cent in that of the former Czech and Slovak Federal Republic). It should also be pointed out that these products made up the greater part of total imports: in 1992 DM 375.8 million of such products were imported under these arrangements, equivalent to 81.1 per cent or DM 463 million in total imports in the steel sector.

- (c) Agricultural imports, on the other hand, accounted for a very small proportion of concessions: DM 59.1 million in 1992 and DM 2 million in the first half of 1993 (as products in Chapters 7, 8 and 20 of the CCT were excluded in 1993). These accounted for 7.5 per cent of imports covered by the arrangements in 1992 and 0.4 per cent in the first half of 1993.

The restrictions introduced on 1 January last year on agricultural products excluded such products from the arrangements from that date.

30 June 1993

Table of applications for duty-free import under Regulation (EEC) 3568/90¹ and Decision (ECSC) 3788/90² for the year 1993

Product Group	HS Chapter	Former Yugoslavia - 048 -	Former USSR - 036 -		Poland - 060 -		Former Czechoslovakia - 062 -		Hungary - 064 -		Romania - 066 -		Bulgaria - 068 -		Total	
			A	B	A	B	A	B	A	B	A	B	A	B	A	B
Food trade	Chap. 01-24	0	0	0	0	0	0	0	0.8	0	0	0	1.2	0	2.0	
Mineral products	Chap. 25-27	0	0	0	1.9	0.1	0	0	0	0	0	0	0	0	0	2.0
Chemicals, plastics, rubber	Chap. 28-40	0	42.7	17.1	14.5	0.2	0	0	0	0	0	0	0	0	0	74.5
Leather, travel goods, footwear	Chap. 41-43/64	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wood, cork, wickerwork, furniture	Chap. 44-47/94	0	0.7	0	0	0	0	0	0	0	0	0	0	0	0	7.0
Paper, paperboard, printing industry products	Chap. 48-49	0	0.9	0	0	0	0	0	0	0	0	0	0	0	0	0.9
Textiles and clothing	Chap. 50-63/65/66	0	1.5	1.0	0.8	3.6	0	0	0	0	0	0	0	0	0	14.9
Stone, glass, ceramics	Chap. 68-70	0	0	0	0.3	0	0	0	0	0	0	0	0	0	0	0.3
Iron, steel and products of iron or steel	Chap. 72-73	0	126.9	29.0	95.0	3.3	0	0	0	0	0	0	0	0	0	254.2
NF metals and products thereof	Chap. 74-81	0	37.3	1.3	1.1	0	0	0	0	0	0	0	0	0	0	39.7
Tools, articles of base metals	Chap. 82-83	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery	Chap. 84	0	8.4	0	0	0.1	0	0	0	0	0	0	0	0	0	8.5
Electrical/electronic equipment	Chap. 85	0	3.1	3.7	0	0	0	0	0	0	0	0	0	0	0	6.8
Means of transport	Chap. 86-89	0	22.4	0	0.2	2.7	0	0	0	0	0	0	0	0	0	25.3

¹Extended by Regulation (EEC) 1343/93.

²Extended by Decision (ECSC) 1535/93.

Product Group	HS Chapter	Former Yugoslavia - 048 -		Former USSR - 056 -		Poland - 060 -		Czechoslovakia - 062 -		Hungary - 064 -		Romania - 066 -		Bulgaria - 068 -		Total
		A	B	A	B	A	B	A	B	A	B	A	B	A	B	
Precision instruments, clocks and watches, optical instruments, jewellery	Chap. 71/90/91	0	0.2	0	0	0	0	0	0	0	0	0	0	0	0	0.2
Musical instruments, toys	Chap. 92/95	0	1.1	0	0	0	0	0	0	0	0	0	0	0	0	1.1
Other products	Chap. 01-95	0	1.7	0	0	0	0	8.3	0	0	0	0	0	0	0	10.0
TOTAL		0	246.9	54.0	120.0	120.0	19.0	6.3	6.3	1.2	1.2					447.4

Utilization of possibilities of duty-free import into the territory concerned in 1991, by country
(in millions of DM)

	Volume of possible imports ¹ (goods protocols)	Imports ² (01.01.1991-31.12.1991)	Duty-free ² (01.01.1991-31.12.1991)	3:2 in %	3:1 in %
	1	2	3	4	5
Former USSR	14,318.5	4,666.1	300.4	6.4	2.1
Former Czechoslovakia	2,995.0	714.9	64.0	9.0	2.1
Hungary	2,162.2	257.2	28.9	11.2	1.3
Poland	3,060.0	778.0	50.5	6.5	1.7
Bulgaria	1,234.0	37.8	10.6	28.0	0.8
Romania	1,551.0	00.6	13.9	17.2	0.9
Former Yugoslavia	851.0	128.4	3.7	2.9	0.4
Total	26,191.7	6,663.0	472.0	7.1	1.8

¹The volume of possible imports under the goods protocols and actual imports do not include goods duty-exempt in any case under the Common Customs Tariff or subject to preferential treatment under the Generalized System of Preferences and the agreement with the former Yugoslavia.

²Under Council Regulation (EEC) No. 3568/90 of 4 December 1990 and Commission Decision (ECSC) No. 3788/90 of 19 December 1990.

Utilization of possibilities of duty-free import into the territory concerned in 1992, by country
(in millions of DM)

	Volume of possible imports ¹ (goods protocols)	Imports ² (01.01.1992-31.12.1992)	Duty-free ² (01.01.1992-31.12.1992)		3:2 in % 4	3:1 in % 5
			1	2	3	
Former USSR	14,318.5	2,981.4		489.0		17.0
Former Czechoslovakia	2,995.0	653.2		144.8		22.2
Hungary	2,162.2	170.9		46.6		27.3
Poland	3,060.0	843.7		86.5		10.3
Bulgaria	1,254.0	36.9		11.1		30.1
Romania	1,531.0	30.4		7.3		25.7
Former Yugoslavia	851.0	54.6		1.6		2.9
Total	26,191.7	4,671.8		786.9		16.9
						3.0

¹The volume of possible imports under the goods protocols and actual imports do not include goods duty-exempt in any case under the Common Customs Tariff or subject to preferential treatment under the Generalized System of Preferences and the agreement with the former Yugoslavia.

²Under Council Regulation (EEC) No. 3568/90 of 4 December 1990 and Commission Decision (ECSC) No. 3788/90 of 19 December 1990.

Comparison of total imports (A) and duty-free imports under Regulation (EEC) 1568/90 and
Decision (EEC) 3788/90 for the year 1991 (B)
(in millions of DM)

Country	Former Yugoslavia - 048 -	Former USSR - 050 -	Poland - 041 -	Former Czechoslovakia - 062 -	Hungary - 064 -	Romania - 066 -	Bulgaria - 068 -	Total								
Volume of possible imports (goods protocols)	851.0	14,318.5	3,060.0	2,995.0	2,162.2	1,554.0	1,254.0	26,191.7								
Product groups	A	B	A	B	A	B	A	A	B							
Foodstuffs/Beverages	0.9	0.1	1.6	0	26.3	4.1	21.8	6.8	26.3	10.3	3.6	0.4	5.4	3.7	85.9	19.4
Other agricultural products	0.4	0	1.0	0	9.6	0	5.3	0	25.3	0	5.1	0	2.8	0	45.7	0
Chemicals	11.8	0	27.9	10.3	50.2	2.1	61.8	5.5	15.3	0	0.8	0.4	1.7	0	169.0	18.3
Machinery and parts thereof	47.4	2.2	75.6	34.1	62.6	13.1	158.7	12.9	63.8	9.5	21.1	9.7	10.6	0.4	439.8	81.2
Means of transport	7.9	0	524.9	9.0	39.0	2.0	149.9	7.0	34.2	2.5	13.5	1.3	1.0	0	752.4	21.8
Wood, paper, furniture	4.6	0.1	25.9	2.3	45.6	0.1	21.1	0.3	3.1	0.4	1.3	0	0.2	0	102.1	3.0
Textiles and clothing	17.6	0.4	46.8	0	60.0	0.7	40.2	1.9	9.4	0	18.6	0	1.5	0.1	194.1	3.1
Glass, ceramics	0.9	0	0.7	0	12.9	0.3	6.5	0.2	6.3	0.3	0.3	0	0.2	0	27.8	0.8
Electrical and electronic products	6.8	0	23.5	3.1	40.5	3.7	45.1	4.3	31.7	2.5	4.3	1.6	6.4	3.0	159.0	18.4
Other products	39.1	0.9	3,938.2	241.5	440.3	24.4	212.0	31.2	41.8	3.4	16.9	0.3	8.8	3.4	4,687.2	305.2
TOTAL	128.4	3.7	4,666.1	300.4	778.0	50.5	714.9	64.0	257.2	28.9	80.6	13.9	37.8	10.6	6,663.0	472.0

Comparison of total imports (A) and duty-free imports under Regulation (EEC) 3568/90 and
Decision (ECSC) 3768/90 for the year 1992 (B)
(in millions of DM)

Product Group	HS Chapter	Former Yugoslavia		Former USSR		Poland		Former Czechoslovakia		Hungary		Romania		Bulgaria		Total	
		A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Food trade	01-24	1.9	0.3	6.3	0.4	32.7	9.3	45.1	2.2	36.3	35.8	4.2	0.7	10.3	10.1	137.0	59.1
Mineral products	25-27	0.3		1,415.4		204.2	0.1	60.5		0.4				2.7		1,683.5	0.1
Chemicals, plastics, rubber	28-40	9.0		59.1	28.9	68.5	0.3	78.8	5.8	24.4	2.3	0.1		2.2		241.1	33.3
Leather, travel goods, footwear	41-43/64	5.0		6.0		32.2	1.2	16.2		4.8		2.7		0.2		66.1	1.2
Wood, cork, wickerwork, furniture	44-47/94	4.0		8.0	0.5	69.1		38.6		7.1		5.1		1.7	0.6	132.7	2.2
Paper, paperboard, printing industry products	48-59	0.9		3.0	1.4	2.9		7.8		0.2				0.1		14.9	1.4
Textiles and clothing	50-53/65-66	2.0	0.2	33.0		62.4	0.9	43.1	4.1	3.2	0.7	1.0		4.3		159.0	5.9
Stone, glass, ceramics	63-70	1..3		3.0	2.1	57.4		63.2	0.4	2.5				0.2		127.6	2.5
Iron, steel and products of iron or steel	72-73	0.1		275.8	212.3	53.7	59.8	113.7	102.6	3.5	1.5			0.2		463.0	375.8
NF metals and products thereof	74-81	1.0	0.6	206.0	178.8	169.1	7.2	4.5	3.2	3.2	1.1	1.0		1.4	0.5	388.0	186.1
Tools, articles of base metals	82-83	1.0		3.3		9.8	9.1	2.2		10.8	0.1	0.1		0.1		27.3	0.2
Machinery	84	11.1	0.1	40.3	18.3	31.0	3.2	76.1	11.5	25.1	3.8	5.9	1.1	3.9		195.9	41.7
Electrical/electronic equipment	85	3.0	0.1	4.7	1.5	15.0	4.8	28.5	2.0	6.7	0.7	0.2	8.7	0.6	66.2	17.9	

Product Group	HS Chapter	Former Yugoslavia		Former USSR		Poland		Former Czechoslovakia		Hungary		Romania		Bulgaria		Total	
		A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Means of transport	86-89	9.2		50.1	43.1	19.5	0.3	60.8	9.6	29.8	0.2	9.5	0.1	0.5		179.4	53.3
Precision instruments, clocks and watches, optical instruments, jewellery	71/90/91	0.2		4.3	2.5	2.3	0.2	6.9	3.4	1.3		0.1	0.1	1.0		1.1	6.2
Musical instruments, toys	92-96	4.6		0.3		7.3		0.4		5.0		0.4		0.1		18.7	
Other products	01-99			763.7	0.2					0.4	0.4	0.1	0.1			164.2	0.7
TOTAL		54.6	1.0	2,331.4	493.0	843.7	86.5	653.2	144.3	170.8	46.6	30.4	7.3	36.9	11.1	4,671.0	788.9