

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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AGREEMENT BETWEEN FINLAND AND POLAND

Questions and Replies

The contracting parties were invited (document C/M/125 and GATT/AIR/1460) to communicate to the secretariat any questions they might wish to put concerning the Agreement between Finland and Poland.¹ In response to this request, a number of questions were received and were transmitted to the parties to the Agreement. The questions and the parties' replies are reproduced below.

I. GENERAL CONSIDERATIONS

Question 1

Is it the intention of the parties to the Agreement to achieve a free-trade area as defined in Article XXIV:(5)-(9) of the General Agreement?

Reply 1

Yes. It is the objective of the parties to the Agreement to establish a free-trade area as defined in GATT Article XXIV. The Agreement includes the methods and the time-table for the elimination of tariffs and other restrictions on substantially all trade.

Question 2

Is the Agreement considered to be an interim agreement leading to the establishment of a free-trade area, consistent with Article XXIV:5(b) of the General Agreement?

Reply 2

No. See reply 1.

¹Copies of the text of the Agreement were sent to each contracting party with document L/4652.

Question 3

In the Preamble, the parties express their desire to solve "the problems arising from the contemporary European economic integration processes to the commercial and economic relations between the Contracting Parties!..". What are these problems and how have they affected trade between Poland and Finland?

Reply 3

Although the motivations for concluding this Agreement do not fall within the scope of the examination, the parties to the Agreement would like to recall that the market situation in Europe has undergone considerable changes in the past years. The changes have resulted in a new market set-up from a commercial policy point of view, and this in turn has caused undesired repercussions in the trade between the parties. The conclusion of an Agreement on the Reciprocal Removal of Obstacles to Trade is seen by the parties to the Agreement as a means to create reasonable conditions for an undisturbed development of their mutual trade.

Question 4

Article 1 states that the objective of the Agreement is "to provide fair conditions of competition on the markets of the Contracting Parties".

- (a) Does this Agreement give Finland access to the Polish market equal to that of the Soviet Union and Poland's other CEMA trading partners?
- (b) Will Polish imports of Finnish products continue to be subject to factors other than customs duties, such as centrally-planned import targets, and controls over the availability of hard currency?
- (c) Given these additional factors, does Poland intend to take further measures to reciprocate Finnish tariff concessions?

Reply 4 (by Poland)

- (a) In trade exchange with socialist countries all payments are conducted bilaterally in roubles. An advanced co-operation and specialization of production have been developed there. Trade exchange is based on the long-term trade agreements and trade protocols.

(b) The question seems to be a misunderstanding. In the Polish planning system the plan sets only a global and approximate value of imports broken up by two payment zones - a rouble one and that of a convertible currency one. This value may be exceeded as an additional means of payment are obtained. No geographic plans for particular countries are made. Enterprises, which possess means of payment in foreign currency at their disposal may freely make their choice among the most attractive offers.

(c) See reply 4(b)

Question 5

Can the parties give an assurance that, in implementing the Agreement, they will not raise barriers to trade of other contracting parties?

Reply 5

The parties to the Agreement consider that the Agreement, by facilitating trade between two contracting parties of GATT, has a trade creative effect from which also the third countries will benefit.

II. TRADE COVERAGE

Question 6

There are a number of items which are excluded from the application of the Agreement. To what extent and in what way can it be considered that "substantially all the trade" between the parties will be exempt from customs duties and any other restrictive regulations within the meaning of Article XXIV:8(b) of the General Agreement?

Reply 6

The Agreement covers all industrial goods and some agricultural products. The only major product not covered by the Agreement is coal. Due to balance-of-payments policy considerations the imports of coal into Finland are subject to quantitative restrictions. Coal excluded, the Agreement covers around 97 per cent of the total trade between the parties.

Question 7

The following information is requested for each of the three most recent years for which statistics are available:

- (a) What was the total world trade of each party (broken out between CCCN Chapters 1-24, and CCCN Chapters 25-99)?
- (b) What was the total value and percentage of imports by Finland from Poland for each of the three most recent years for which trade statistics are available? What are the comparable figures for imports by Poland from Finland?
- (c) What value and percentage of these imports are: (a) agricultural products? (b) industrial products?
- (d) What was the trade in the items falling within CCCN Chapters 1-24 and that are subject to the Agreement (the items listed in Annexes I and II of the Protocol No. 1)?
- (e) What was the trade in the items on which schedules for tariff elimination are specifically provided for in Protocol No. 2 (the items in Lists 1 and 2)?
- (f) What was the trade in the items upon which Finland is allowed to maintain quantitative restrictions by Protocol No. 4 (the items in List A)?

Reply 7

See Annexes.

Question 8

Does trade in the products listed in Annexes I and II to Protocol No. 1 and Lists 1 and 2 to Protocol No. 2 represent substantially all the trade between the parties? If not, is it proposed to expand the product coverage of these Schedules?

Reply 8

Yes. Protocol No. 1 covers substantially all the actual trade in agricultural products. An enlargement, if deemed necessary, of the product coverage may be discussed between the Parties to the Agreement at a later stage as stipulated in Article 5 of Protocol No. 1. Protocol No. 2 deals with products, which were considered sensitive and for which a longer transitional period was considered necessary by the Parties. It does not cover substantially all the trade; and there are no plans to expand the product coverage.

Question 9

On what basis were the agricultural products covered in Annexes I and II to Protocol No. 1 chosen?

Reply 9

The products were chosen with regard to further the trade in agricultural products between the parties and taking into account the needs of the respective national agricultural policies.

Question 10

Do the parties intend to enlarge the product coverage for agricultural items?

Reply 10

See reply 8.

Question 11

What percentage of trade between the parties falling within CCCN Chapters 1 to 24 is not covered by the products listed in Annexes I and II to Protocol No. 1?

Reply 11

See Annexes.

Question 12

What percentage of total trade between the parties is covered by the products listed in Annexes I and II to Protocol No. 1?

Reply 12

See Annexes.

Question 13

Do the parties believe that the present level of their agricultural trade is constrained by trade barriers? If the response is negative, why are trade restrictions on agricultural products maintained under the Agreement?

Reply 13

See reply 9.

Question 14

What percentage of Finland's total imports from Poland is represented by the items included in List 1 of Protocol No. 2?

Reply 14 (by Finland)

See Annex 1.

Question 15

What value and percentage of total Finnish industrial imports from Poland fall under the extended duty provisions of Protocol No. 2 (List 1)?

Reply 15 (by Finland)

See Annex 1.

Question 16

What percentage of Poland's total imports from Finland is represented by the items included in List 2 of Protocol No. 2?

Reply 16 (by Poland)

See Annex 2.

Question 17

What value and percentage of total Polish industrial imports from Finland fall under the extended duty reduction provisions of Protocol No. 2 (List 2)?

Reply 17 (by Poland)

See Annex 2.

Question 18

What value and percentage of total Finnish imports from Poland fall under the quantitative restrictions of Protocol No. 4 (List A)?

Reply 18 (by Finland)

See Annex 1.

Question 19

What value and percentage of trade in each direction between Poland and Finland is subject to quantitative or other restrictions under the agreement as a whole?

Reply 19 (by Finland)

See Annex 1.

(by Poland)

Poland does not apply quantitative restrictions to imports from Finland.

Question 20

What are the value and percentage of the trade between Poland and Finland which will not be exempt from duty or other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI-XV and XX of the General Agreement) under the provisions of the Agreement?

Reply 20 (by Finland)

See Annex 1. See also reply 19.

(by Poland)

None.

Question 21

What values and percentages of (1) imported industrial products and (2) agricultural products will, without payment of duties or being subject to other restrictive regulations of commerce, enter Finland from Poland and vice versa?

Reply 21

See Annexes.

III. CUSTOMS DUTIES

Question 22

Article 3 of the Agreement specifies that customs duties on imports shall be progressively abolished in accordance with the following timetable:

- 1 April 1978: each duty shall be reduced to 60 per cent of the basic duty.

- 1 January 1979: each duty shall be reduced by 30 per cent.
- 1 January 1980: each duty shall be reduced by the last 30 per cent.

Does this constitute "a plan and schedule for the formation of such a customs union or of such a free-trade area within a reasonable length of time" consistent with Article XXIV:5(c) of the General Agreement?

Reply 22

In reply 2, the parties to the Agreement state that the Agreement is not an interim agreement in accordance with Article XXIV:5(c). Regulations concerning a gradual entering into force of certain obligations have been included in several previous agreements established under Article XXIV of the GATT.

Question 23

Why does the time-table set out in Protocol No. 2(1) for the progressive abolition of customs duties on imports differ from that set out in Article 3(2)?

Reply 23

The time-table for the abolition of tariffs, set out in Protocol No. 2(1) concerns products which were considered sensitive and for which, taking into account the very short duration of the general transitional period, a longer transition period was considered necessary by the parties. The sensitivity of these products was determined mainly on the basis of such factors as the previous level of protection by customs duties and other restrictions, expected increase in imports as a result of the abolition of duties, etc.

Question 24

Can it be explained how the reduction of customs duties by Poland will be able to influence the final users (enterprises and consumers) of Poland to buy products coming from Finland?

Reply 24 (by Poland)

In the Polish economic system, customs duties are one of the elements of the financial settlement for goods derived from imports. Customs tariff in this system is a price-formation instrument. Customs duties affect domestic prices of imported goods as they are calculated on the basis of prices expressed in foreign currency, converted into zlotys by special coefficient and increased by customs duties. Affecting so domestic prices, customs duties constitute an element of the consumer's choice and that of economic calculation of enterprises, and thus have an influence on their import decisions.

Question 25

Will the reduction of customs duties have an impact on the domestic prices of the products concerned?

Reply 25 (by Poland)

See reply 24.

Question 26

If so, will the impact involve all or only some of the products imported from Finland? Will it be proportional to the reduction of customs duties?

Reply 26 (by Poland)

See reply 24.

Question 27

Would the parties describe the "charges having an effect equivalent to customs duties on imports" which Article 5 of the Agreement will eliminate? Will such charges apply to imports from third countries?

Reply 27 (by Finland)

No such charges are levied in Finland.

(by Poland)

No such charges are levied in Poland.

IV. RULES OF ORIGIN

Question 28

What were the rules of origin applicable to trade between Finland and Poland before the Agreement?

Reply 28 (by Finland)

No rules of origin were applied by Finland in the trade between the parties to the Agreement. The origin of products was determined according to international trading practices.

(by Poland)

No rules of origin were applied by Poland in the trade between the parties to the Agreement. The origin of products was determined according to international trading practices.

Question 29

The Agreement does not provide for periodic reviews of the rules of origin. In the event that new rules of origin have prejudicial effects on the trade interests of third countries, will there be provisions for modifications?

Reply 29

The Joint Commission established under Article 16 is empowered to amend the rules of origin. See Article 12 of Protocol No. 3.

V. QUANTITATIVE RESTRICTIONS AND OTHER MEASURES

Question 30

If Poland maintains trade quotas against Finland under the State-trading system, what is the explanation of the parties to the Agreement with respect to its consistency with the provisions of Article XXIV of the General Agreement, which defines a free-trade area as a group of two or more customs territories in which the duties and other restrictive regulations of commerce are eliminated on substantially all the trade between the constituent territories?

Reply 30 (by Finland)

According to Article 8 of the Agreement the parties to the Agreement shall eliminate quantitative restrictions on imports or measures and practices having equivalent effect such as import licences or permits, upon entry into force of the Agreement.

(by Poland)

Poland has not applied restrictions to imports from Finland.

Question 31

According to Article 1(b), the development of trade between Poland and Finland will depend on "removing tariffs and other obstacles to trade" and on "other measures".

Would it be possible to specify:

(a) what are the obstacles to trade, referred to in this article, on the part of Finland and on the part of Poland?

(b) what are the "other measures", to which reference is also made?

(c) does the agreement specifically include all "other obstacles" contemplated by this clause?

Reply 31 (by Finland)

(a) In addition to tariffs Finland had only bilateral quantitative restrictions for the imports from Poland, which have been abolished upon entry into force of the Agreement, save for these included in List A of Protocol No. 4 of the Agreement.

(by Poland)

(a) Poland has not applied restrictions to imports from Finland.

(by the parties)

(b) The "other measures" cannot be exhaustively specified but any measures facilitating the development of trade may come into question.

(c) Yes.

Question 32

What "fiscal charges" or "administrative measures" referred to by Article 6 currently applied by either party "accord effective protection or preference to (their) domestic goods"?

Reply 32 (by Finland)

Finland has none.

(by Poland)

Poland has none.

Question 33

According to Article 8, upon the entry into force of the Agreement, Poland undertakes, inter alia, to eliminate import licences or permits with respect to Finland.

(a) Does this imply that Decree No. 93 of the Council of Ministers of Poland, of 24 April 1974, which lays down the functions of the Ministry of Foreign Trade, is modified in this respect as regards Finland?

(b) What are the "quantitative restrictions on imports or measures and practices having equivalent effect such as import licences" which Article 8 will eliminate?

- (c) Will Article 8 eliminate the need for Polish import licences?
- (d) Will, in principle, imports from Finland be able to enter Poland in unlimited quantities?
- (e) Will Polish licences be required for imports from other countries? If so, from which countries?
- (f) Does the Polish foreign trade plan to limit the quantities of imports?
- (g) Will Poland eliminate such restrictions on imports from Finland?
- (h) Does Finland intend to lift, on a discriminatory basis, its quantitative restrictions imposed for balance-of-payments reasons under Article XII of the General Agreement?

Reply 33 (by Poland)

Decree of the Council of Ministers of 24 April 1974 provides for the general rules and does not set any provisions concerning imports from particular countries. Poland applies neither quantitative restrictions or any other restrictive measures, having equivalent effect such as import licences, so there is no need to eliminate them. Article 8 of the Agreement should be interpreted as the confirmation of those principles with respect to Finland. The volume of imports from Finland depends only on the demand of Polish economy for particular goods taking also into account commercial terms offered.

(by Finland)

(h) Products covered by the Agreement are free from quantitative restrictions. Annex 1 of the Protocol No. 1 includes two products which are subject to quantitative restrictions imposed by Finland.

Question 34

How does Finland intend to administer its quantitative restrictions referred to by Protocol No. 4 to ensure "fair and equal" competition between Poland and Finland's other trading partners for "reasonable" shares on the Finnish market of the restricted products?

Reply 34 (by Finland)

The concept "a reasonable share" will be determined in the light of past import performance. This will serve as a guideline for the quantities imported from Poland and other suppliers.

VI. SAFEGUARDS

Question 35

Article 11 makes provision for safeguard measures, including withdrawal of tariff concessions, which the parties may take under certain circumstances.

- (a) What is the reason for the establishment of the bilateral safeguard in the Agreement?
- (b) In this connexion, what is the view of the parties with respect to Article 11(1), which appears to provide for broader safeguards than Article XIX of the General Agreement?
- (c) Since the criteria governing the implementation of safeguards are very broadly defined, (making it almost impossible to anticipate how the provisions would be implemented), could the parties provide further details so that the Working Party can have a better basis for making judgments as to whether free trade is actually intended and whether their interests are affected?
- (d) How would Poland determine market disruption or disruption to production referred to in Article 11(1)?
- (e) What measures, other than withdrawal of tariff concessions, do the parties envisage might be used?
- (f) Will safeguard measures be applied on a non-discriminatory basis?

Reply 35 (by the Parties)

- (a) Following their decision to remove the obstacles to their mutual trade and to establish a free-trade area the parties have agreed to include safeguard provisions in the Agreement to prevent or rectify situations, where the imports of products originating in the territory of the Contracting Parties cause or threaten to cause disruption to the domestic market.
- (b) The parties consider that Article 11(1) does not provide for broader safeguards than Article XIX of the General Agreement but is restricted to measures necessary to prevent or remedy the situation.
- (c) The use of safeguard measures in the last resort in exceptional circumstances and on a temporary basis does not affect the determination of the parties to the Agreement to apply it in conformity with

Article XIX and their other obligations under the General Agreement. The provisions of Article 11 of the Agreement are justified by the necessity to correct serious difficulties due to market disruptions, sectoral or regional disturbances, which might occur under the free-trade régime created by the Agreement. Article 12 will be implemented in accordance with the respective provisions of GATT. Article 13 may be characterized as a frustration clause. The provisions of Article 13(3) will be implemented in accordance with the same principles as Article 11.

(by Poland)

(d) The planning system of Poland guards national economic interests and in principle protects the economy against substantial market disruptions and disruptions in production which might result from imports. However, taking into consideration substantial freedom of decision making concerning imports by enterprises and of fixing their foreign trade plans, there is a possibility of certain sectorial disruptions.

(by the parties)

(e) According to the Agreement, all measures not inconsistent with the provisions of GATT, necessary to prevent or remedy the situation, may be applied.

(f) The safeguard clause in the Agreement is applicable only in the trade between the parties to the Agreement.

Question 36

Article 11(2) additionally permits either party to take safeguard measures should "serious disturbances arise in any sector of the economy".

(a) What is the aim of this provision?

(b) Would it permit safeguard action to be taken by one party against imports of the other party due to "disturbance", irrespective of the impact of imports?

(c) In the event that a party is faced with sectoral or regional difficulties and obliged to invoke this provision, can the parties provide assurances that remedial action will be kept within the confines of the Agreement and not extended as GATT Article XIX action against all imports, including those from third parties not responsible for the difficulties which arise?

Reply 36

(a) The aim of the provision is to enable the parties to the Agreement to prevent or remedy serious disturbances in any sector of the economy under the conditions specified in Article 11(2).

(b) The development of imports must be taken into account when considering the factors causing the injury or threat thereof.

(c) No measures taken under Articles 11 and 12 of the Agreement may be applied to third countries. Disturbances that may result from implementation of the Agreement and that occur in conditions mentioned in reply 35(c) will be settled within the confines of the Agreement.

Question 37

Would measures introduced to offset difficulties arising from the elimination of barriers to trade under the Agreement be applied in any circumstances to imports from third countries?

Reply 37

No. See reply 36(c).

Question 38

Should either party initiate any generally applied trade restrictive measures regarding imports, is the other party exempt from such action?

Reply 38

Any restrictive measure affecting imports in general will be applied in a non-discriminatory way to all imports causing or threatening to cause the injury in question.

Question 39

Under Article 13, might either party take safeguard measures if trade does not grow in a "balanced manner" as provided in Article 1(a).

Reply 39

If the mutual trade of the parties to the Agreement would not, within a longer period of time, develop in a satisfactorily balanced manner, the parties can consider necessary measures to be taken.

VII. FOREIGN EXCHANGE PROCEDURES

Question 40

Do the parties intend to make changes in foreign exchange procedures to "ensure the proper functioning of the free-trade agreement" as provided by Article 10?

Reply 40

No changes are envisaged.

Question 41

Article 10 provides that the parties shall act in foreign exchange matters in a manner which will ensure the proper functioning of the free-trade Agreement. What measures are envisaged in this regard?

Reply 41 (by Poland)

See reply 53.

Question 42

It is known that Poland applies "coefficients" for converting foreign currency into Polish currency and that these coefficients can be changed by the central authorities to encourage foreign trade organizations to import or export more goods in the direction of particular geographical zones or particular countries. Is it intended, on the part of Poland, to make such use of conversion coefficients in achieving the purposes of the free-trade area?

Reply 42 (by Poland)

No differentiation of coefficients is applied to particular countries and no deviation from this rule is envisaged with reference to implementing the Polish-Finnish Agreement.

Question 43

Does either party limit the availability of foreign exchange for its imports?

Reply 43 (by Finland)

Finland does not limit the availability of foreign exchanges for its imports.

(by Poland)

Poland does not limit the availability of foreign exchange for its imports from particular countries. The amount of foreign exchange for imports depends on realization of exports by enterprises.

Question 44

Will the Agreement result in greater foreign exchange availabilities for such party's imports from the other party?

(a) If not, how can Poland increase its imports from Finland?

(b) If so, will Poland ensure that any increases of its imports from Finland will not work to the detriment of its imports from its other hard-currency trading partners?

Reply 44 (by Poland)

(a) By removal of obstacles in mutual trade exchange the conditions for increasing the trade turnover arise, which in effect may result in increasing foreign exchange availabilities.

(b) Reduction of customs duties improves the competitive position of Finnish offers on the Polish market but it does not mean the limitation of imports from other countries.

VIII. OTHER QUESTIONS

Question 45

When does the Agreement come into force?

Reply 45

As of 1 April 1978.

Question 46

If the reply to Question No. 1 was affirmative, how is the State-trading system of Poland treated in the context of the free-trade area?

Reply 46 (by Poland)

The foreign trade system which is in force in Poland does not constitute an obstacle in applying principles governing a free-trade area.

Question 47

(a) In the economic system of Poland, what, apart from the customs tariff, are the instruments for influencing foreign trade whose use is contemplated by this Agreement?

(b) Are they, in particular,

- import credit facilities in convertible currencies for foreign trade organizations and other authorized enterprises,
- centralized directives of the import plan, or
- other possible measures?

Reply 47 (by Poland)

No other instruments are applied.

Question 48

Will the purchasing policies of various Polish foreign trade organizations be influenced by the objectives implicit in the Agreement to provide Finnish exporters with preferential or guaranteed access to the Polish market?

Reply 48 (by Poland)

Preferential access of Finnish goods to the Polish market will result first of all from their increased competitiveness upon elimination of customs duties. The task of foreign trade enterprises is the realization of orders on the best commercial terms placed by domestic customers. Thus oriented policy will be pursued by Polish enterprises in future.

Question 49

According to the information provided by the Polish delegation at the informal meeting of ECE experts on 8 June 1976, certain raw materials and items of machinery and equipment imported from the West depend strictly on decisions of the central organs. Can it be stated:

(a) whether Polish imports from Finland include some of these products that are imported subject to a decision which is centralized;

(b) if so, how does Poland intend to put into practice, with respect to such products, the principles of a free-trade area as laid down in Article XXIV of the General Agreement?

Reply 49 (by Poland)

No.

Question 50

How, within the meaning of Article 9 of the Agreement, do the Polish authorities intend to provide to imports from Finland the full benefits accruing from the liberalization of trade, in view of the provision, in paragraph 3 of Article 2.3 of Council of Ministers Decree No. 93 of 24 April 1974, to the effect that the Minister of Foreign Trade determines foreign-exchange expenditures?

Reply 50 (by Poland)

Decisions of the Minister of Foreign Trade concern only total amount of foreign currency but not particular countries as such.

Question 51

Why was it felt necessary to introduce Article 9 when Article 1 already provides that one of the objectives of the parties to the Agreement is "to ensure the development of their mutual trade in a satisfactorily balanced manner"?

Reply 51 (by Finland)

Article 9 is included to underline the Polish intention to act in conformity with the idea of free-trade arrangements as to provide the Finnish exports the same concessions on its markets as Polish exports obtain on the Finnish market as a result of the tariff reductions.

(by Poland)

Article 9 is included to underline the Polish intention to act in conformity with the idea of free-trade arrangements as provided for in Article XXIV of the General Agreement.

Question 52

What changes have been made in Polish legislation on economic matters to enable a free-trade policy of the kind envisaged in the Agreement to be carried out? In particular, have the enterprises been given increased powers?

Reply 52 (by Poland)

Provisions of the Agreement have been presented to all interested enterprises and the attention has been drawn on the possible benefits for both parties which may result from its realization for the development of their mutual trade.

Question 53

Article 9 of the Agreement states that "Poland undertakes to administer her foreign trade system in conformity with the idea of free-trade agreements in such a manner as to provide to imports from Finland, in respect to access to and competitiveness on the Polish market, effectively the full benefits accruing from the reductions of customs duties and elimination of other restrictive regulations and practices of commerce".

(a) How will Poland "administer her foreign trade system in conformity with the idea of free-trade agreements"?

(b) Do Finland and Poland consider that the manner in which Poland intends to administer her foreign trade system will be fully consistent with Poland's obligations under GATT?

Reply 53 (by Poland)

(a) The foreign trade system in Poland as well as general principles of selecting trade partners by Polish enterprises enable the accomplishment of free-trade agreements.

For the proper administration of the Agreement the contracting parties have established a Joint Commission and have agreed to exchange information and to hold consultations.

See also reply to question 52.

(by the parties)

(b) The means will be applied in a manner fully consistent with Polish obligations under the provisions of GATT, including Article XXIV.

Question 54

What changes other than tariff reductions will Poland make in the administration of its foreign trade system so as to conform "with the idea of free-trade agreements" and ensure Finnish exports have "access to and competitiveness on the Polish market" as provided by Article 9?

Reply 54 (by Poland)

See reply 53.

Question 55

Decree No. 93 of the Council of Ministers of Poland of 24 April 1974 provides in paragraph 3.2, sub-section 26, that the Ministry of Foreign Trade exercises operational control on the fulfilment of foreign trade plans and related payments and credit plans.

- Will such "operational control" be maintained also as regards the free-trade area?
- What concretely will it consist of?

Reply 55 (by Poland)

"Operational control" is carried out in order to follow the fulfilment of the plan.

ANNEX 1

Statistics Supplied by Finland¹

(All figures in US\$'000)

Question 7

(a) Finland's total world trade

<u>Year</u>	<u>Imports</u>	<u>Exports</u>
1975	7,661,288.3	5,503,517.5
1976	7,390,030.7	6,341,761.3
1977	7,621,689.5	7,677,189.3

Finland's total world trade (CCCN Chapters 1-24)

<u>Year</u>	<u>Imports</u>	<u>Exports</u>
1975	672,002.7	195,648.5
1976	606,210.1	246,211.9
1977	719,766.4	323,537.3

Finland's total world trade (CCCN Chapters 25-99)

<u>Year</u>	<u>Imports</u>	<u>Exports</u>
1975	6,939,285.6	5,307,868.9
1976	6,783,820.6	6,095,549.4
1977	6,901,923.0	7,353,652.0

(b) Imports from Poland, value and percentage of total imports

<u>Year</u>	<u>Value</u>	<u>%</u>
1975	168,404.4	2.2
1976	125,322.9	1.7
1977	169,257.9	2.2

(c) Imports from Poland, CCCN Chapters 1-24, value and percentage of imports from Poland

<u>Year</u>	<u>Value</u>	<u>%</u>
1975	4,817.9	2.9
1976	4,743.3	3.8
1977	4,238.8	2.5

¹The following rates of exchange have been used (Fmk/US\$) 1975 = 3,679, 1976 = 3,864, 1977 = 4,029

Imports from Poland: CCCN Chapters 25-99, value and percentage of imports from Poland

<u>Year</u>	<u>Value</u>	<u>%</u>
1975	163,586.6	97.1
1976	120,579.7	96.2
1977	165,019.1	97.5

(d) CCCN Chapters 1-24 imports from Poland, Annex I of Protocol No. 1

<u>Year</u>	<u>Imports</u>
1975	90.2
1976	38.6
1977	320.2

(e) Imports from Poland. List 1 of Protocol No. 2

<u>Year</u>	<u>Imports</u>
1975	8,856.5
1976	8,653.7
1977	5,605.1

(f) Imports from Poland. List A of Protocol No. 4

<u>Year</u>	<u>Imports</u>
1975	127,212.3
1976	83,460.9
1977	140,252.6

Question 11

Imports of CCCN Chapters 1-24 less Annex I of Protocol No. 1 and percentage of imports of CCCN Chapters 1-24 from Poland

<u>Year</u>	<u>Imports</u>	<u>%</u>
1975	4,727.6	98.1
1976	4,704.7	99.2
1977	3,918.6	92.4

Question 12

Percentage of Annex I of Protocol No. 1 of total imports from Poland

<u>Year</u>	<u>%</u>
1975	0.05
1976	0.03
1977	0.09

Question 14

Percentage of List 1 of Protocol No. 2 of total imports from Poland

<u>Year</u>	<u>%</u>
1975	5.3
1976	6.9
1977	3.3

Question 15

Imports of List 1 of Protocol No. 2 and percentage of industrial imports from Poland

<u>Year</u>	<u>Imports</u>	<u>%</u>
1975	8,856.5	5.4
1976	8,653.7	7.2
1977	5,605.1	3.4

Question 18

List A of Protocol No. 4, value and percentage of total imports from Poland

<u>Year</u>	<u>Imports</u>	<u>%</u>
1975	127,212.3	75.5
1976	83,460.9	66.6
1977	140,252.6	82.9

Question 19

Imports of products not covered by Protocol No. 1, Annex 1 and imports of products covered by Protocol No. 4, List A

<u>Year</u>	<u>Imports</u>	<u>%</u>
1975	123,083.4	73.1
1976	79,511.9	63.4
1977	138,566.1	81.9

Question 20

See reply 19.

Question 21

Duty free imports from Poland, industrial (CCCN Chapters 25-99)

<u>Year</u>	<u>Imports</u> (./. Prot. 4, List A)
1975	145,952.9 (" " 127,212.3) = 18,740.7
1976	104,449.8 (" " 83,460.9) = 20,988.9
1977	152,301.1 (" " 140,252.7) = 12,048.3

Duty free imports from Poland, agricultural products (CCCN Chapters 1-24)

<u>Year</u>	<u>Imports</u>
1975	473.7
1976	179.6
1977	237.5

ANNEX 2

Statistics Supplied by Poland

(All figures in US\$'000)

Question 7

(a) Poland's total world trade

<u>Year</u>	<u>Imports</u>	<u>Exports</u>
1975	12,545,340	10,289,367
1976	13,876,670	11,024,187
1977	14,626,020	12,273,434

Poland's total world trade (CCCN Chapters 1-24)

<u>Year</u>	<u>Imports</u>	<u>Exports</u>
1975	1,408,940	1,008,313
1976	1,752,370	1,122,741
1977	1,842,620	1,179,940

Poland's total world trade (CCCN Chapters 25-99)

<u>Year</u>	<u>Imports</u>	<u>Exports</u>
1975	11,136,400	9,281,054
1976	12,124,300	9,901,446
1977	12,783,400	11,093,494

(b) Imports from Finland, value and percentage of total imports

<u>Year</u>	<u>Value</u>	<u>%</u>
1975	63,495	0.5
1976	82,724	0.6
1977	52,361	0.4

(c) Imports from Finland (CCCN Chapters 1-24, value and percentage of imports from Finland)

<u>Year</u>	<u>Value</u>	<u>%</u>
1975	169	0.3
1976	1,482	1.8
1977	717	1.4

Imports from Finland, CCCN Chapters 25-99, value and percentage of imports from Finland

<u>Year</u>	<u>Value</u>	<u>%</u>
1975	63,326	99.7
1976	81,242	98.2
1977	51,644	98.6

(d) CCCN Chapters 1-24 imports from Finland, Annex II to Protocol No. 1

<u>Year</u>	<u>Value</u>
1975	168.3
1976	1,449.0
1977	578.3

(e) Imports from Finland, List 2 to Protocol No. 2

<u>Year</u>	<u>Value</u>
1975	3,981
1976	451
1977	2,877

Question 11

Imports of CCCN Chapters 1-24 less Annex II to Protocol No. 1 and percentage of imports of CCCN Chapters 1-24 from Finland

<u>Year</u>	<u>Value</u>	<u>%</u>
1975	0.7	0.41
1976	33.0	2.23
1977	171.7	23.95

Question 12

Percentage of Annex II to Protocol No. 1 of total imports from Finland

<u>Year</u>	<u>%</u>
1975	0.26
1976	1.75
1977	1.10

Question 16

Percentage of List 2 to Protocol No. 2 of total imports from Finland

<u>Year</u>	<u>%</u>
1975	6.3
1976	0.5
1977	5.5

Question 17

Value and percentage of total industrial imports from Finland falling under the extended duty reduction provisions of Protocol No. 2 List 2.

<u>Year</u>	<u>Value</u>	<u>%</u>
1975	3,981	6.3
1976	451	0.6
1977	2,877	5.6

Question 21

Duty free imports from Finland

- industrial products (Chapters 25-99)

<u>Year</u>	<u>Value</u>	<u>% of total industrial imports</u>
1975	63,326	100.0
1976	81,242	100.0
1977	41,611	100.0

- agricultural products (Chapters 1-24)

<u>Year</u>	<u>Value</u>	<u>% of total agricultural products</u>
1975	168	99.1
1976	1,472	99.3
1977	603	84.1