WORLD TRADE ORGANIZATION WT/REG170/2 17 June 2005 (05-2569)

Committee on Regional Trade Agreements
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ENLARGEMENT OF THE EUROPEAN UNION

ACCESSION OF THE CZECH REPUBLIC, THE REPUBLIC OF ESTONIA, THE REPUBLIC OF CYPRUS, THE REPUBLIC OF LATVIA, THE REPUBLIC OF LITHUANIA, THE REPUBLIC OF HUNGARY, THE REPUBLIC OF MALTA, THE REPUBLIC OF POLAND, THE REPUBLIC OF SLOVENIA AND THE SLOVAK REPUBLIC

GOODS ASPECTS

Communication from the European Communities

The following communication, dated 13 June 2005, is being circulated at the request of the delegation of the European Communities.

I. BACKGROUND INFORMATION ON THE AGREEMENT

1. Membership and dates of signature, ratification and entry into force. At the European Council in Copenhagen, in December 2002, EU accession negotiations with Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic were completed. Subsequently, on 16 April 2004 these countries signed the Treaty of Accession. It entered into force on 1 May 2004, whereby the countries acceded to the European Union.

2. Type of agreement Enlargement of existing Customs Union.

3. Scope

According to Article 5 of the Act of Accession, the new Member States accede to the decisions and arrangements previously adopted within the EU Council of Ministers and they undertake to accede to all other agreements concluded by the present Member States relating to the functioning of the European Union or connected with the activities thereof. Thereby, as of 1 May 2004 the EC's common commercial policy and the internal

market was fully extended to cover also the territories of the ten new Member States, including the common External Tariff and other trade policy arrangements.

Article 54 of the Act of Accession further provides that the new Member States shall put into effect the measures necessary for them to comply, from the date of accession, with the provisions of Directives and Decisions within the meaning of Article 249 of the EC Treaty, unless another time-limit is provided for in the Annexes referred to in Article 24 of the Act or in the annexes to the Act.

4. Trade data

The new Member States' Imports increased from \in 101,014 million (9.8% of EU total imports) in 2001 to \in 122,783 million 11.3% EU total imports) in 2004. In the same period the new Member States' exports went from \in 117,994 million (12% of EU total exports) to \in 138,383 million (13% of EU total exports).

II. TRADE PROVISIONS

1. Import restrictions

In accordance with the applicable rules concerning the internal market and the free circulation of goods within the Customs Union as established by the Treaty, there are no restrictions in place between the Members of the European Union.

1.1 Duties and charges

None

1.2 Quantitative restrictions

None

1.3 Common External Tariff

The rules and regulations governing the customs union apply to all Member States.1 Pending the finalization of the negotiations provided for in GATT Article XXIV.6, the duties and charges under the existing Common External Tariff of the EC-15 have been extended to the new Member States as of 1 May 2004, upon their accession to the European Union, in line with the EC notification on 19 January 2004 pursuant to GATT Article XXIV.7 (a).

No permanent exceptions to the Common External Tariff have been granted to the ten new Member States. Only two transitional arrangements exist. The Republic of Hungary may open a temporary yearly tariff quota for non-alloyed aluminium (CN Code 7601 10 00) which is to be progressively and fully phased out in December 2007. The republic of Malta may2 open yearly tariff quotas for woven fabrics of combed wool or of combed fine animal hair (CN Code 5112 11 10), denim (CN Code 5209 42 00), woven fabrics of artificial filament yarn (CN Code 5408 22 10) and other made-up clothing accessories (CN Code 6217 10 00) which are to be progressively and fully phased out in December 2008.

2. Export restrictions

There are no duties or other quantitative restrictions on exports within the European Union.

3. Rules of origin

The customs union allows the free circulation of products originating in Member States and of products coming from third countries which are in free circulation in Member States after having entered in one of the Members of the union.

4. Standards

According to Article 54 of the Act of Accession the new Member States shall put into effect the measures necessary for them to comply, from the date of accession, with the provisions of directives and decisions within the meaning of Art. 249 of the EC Treaty, unless another time-limit is provided for in the Annexes referred to in Article 24 of the Act or in the annexes to the Act.

4.1 Technical barriers to trade

Products meeting the requirements of one country within the EC can freely move between countries, unless specifically exempted by recourse to Articles 28-30 of the EC Treaty. Standards are implemented through harmonisation as well as mutual recognition arrangements.

4.2 Sanitary and phytosanitary measures

Products meeting the requirements of one country within the EC can freely move between countries, unless specifically exempted by recourse to Articles 28-30 of the EC Treaty or the Act of Accession and its annexes. Standards are implemented through harmonisation as well as mutual recognition arrangements.

5. Safeguards

There are no safeguard measures applicable on intra-trade. However, Article 37 of the Act of Accession establishes a general economic safeguard-clause, while Article 38 of the Act of Accession establishes an internal market safeguard clause. Nevertheless, Article 40 of the Act of Accession establishes that in order not to hamper the functioning of the internal market, the enforcement of the new Member States' national rules during the transitional periods referred to in Annexes of the Act shall not lead to border controls between Member States.

The common safeguard regime to imports from third countries, as established in Council Regulation (EC) No. 519/94 of 7 March 1994, Council Regulation (EC) No. 3285/94 of 22 December 1994, Council Regulation (EC) No. 452/2003 of 6 March 20033and Council Regulation (EC) No. 427/2003 of 3 March 20034, apply to the ten new Member States as of 1 May 2004.

6. Anti-dumping and countervailing measures

There are no anti-dumping and countervailing measures applicable on intra-trade.

Council Regulation (EC) No 384/96 of 22 December 19955, Council Regulation (EC) No 2026/97 of 6 October 19976 as subsequently amended is the framework for the common regimes on anti-dumping and countervailing measures respectively with regard to imports from third countries and Council Regulation (EC) No 452/2003 of 6 March 20037 apply to the ten new Member States as of 1 May 2004.

7. Subsidies and State-aid

According to Article 87 (1) of the EC Treaty any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the common market. According to the EC Treaty Article 88 (1) the Commission shall, in cooperation with Member States, keep under constant review all systems of aid existing in those States. Paragraph (2) of Article 88 further establishes that the Commission shall propose to Member States any appropriate measures required by the progressive development or by the functioning of the common market. If the State concerned does not comply with this decision within the prescribed time, the Commission or any other interested State may, in derogation from the provisions of Articles 226 and 227, refer the matter to the Court of Justice direct.

8. Sector-specific provisions

There are no sector-specific provisions applicable to intra-trade.

9. Other

Pursuant to the Act of Accession Article 6 (5) the new Member States have acceded, under the conditions laid down in the Act, to the Agreement establishing the European Economic Area, in accordance with Article 128 of that Agreement.

III. GENERAL PROVISIONS OF THE AGREEMENT

1. Exceptions and reservations

There are no exceptions contained in the Act of Accession.

2. Accession

Art. 49 of the Treaty on the European Union establishes that any European State which respects the principles set out in Article 6 (1) of the Treaty may apply to become a Member of the Union.

3. Dispute settlement procedures

According to Article 220 of the EC Treaty, The Court of Justice and the Court of First Instance, each within its jurisdiction, shall ensure that in the interpretation and application of this Treaty the law is observed. According to Article 230 any natural or legal person may, under the same conditions, institute proceedings against a decision addressed to that person or against a decision which, although in the form of a regulation or a decision addressed to another person, is of direct and individual concern to the former.

4. Relation with other trade agreements

According to Article 6 of the Act of Accession the agreements or conventions concluded or provisionally applied by the Community or in accordance with Articles 24 or 38 of the EU Treaty, with one or more third states, with an international organisation or with a national of a third state, shall, under the conditions laid down in the original Treaties and the Act, be binding on the new Member States.

The European Communities and its Member States are further bound by bilateral, plurilateral as well as multilateral agreements. These arrangements and agreements are binding on the European Communities and its Member States, including the newly acceded Members.

5. Institutional framework

The ten new Member States have become part of the institutional framework of the EC with adjustments to the Treaties as set out in Part two of the Act of Accession. The institutional framework is established by the EC Treaty Part five, title 1.

The legal framework for the EC's Common Commercial Policy is laid down in the EC Treaty, in particular in Title IX thereof. Art 133 of the Treaty provides that the common commercial policy shall be based on uniform principles, particularly in regard to changes in tariff rates, the conclusion of tariff and trade agreements, the achievement of uniformity in measures of liberalisation, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies.

IV. OTHER

The Treaty of Accession is published in the Official Journal of the European Union L 236 of 23 September 2003. A version subject to a legal disclaimer is published at: http://europa.eu.int/comm/enlargement/negotiations/treaty_of_accession_2003/index .htm.

ANNEX

Trade Data

Note: The following tables show the development of trade between the EC15 and the EC new Members States over the period 2001-2004. For ease of comparison, figures are also given for the development of EC trade with all third countries.

Table 1

Share of New Member States in Total EU Trade 2001-2004 (Million EUR)

Year Extra-EU New Member States Exports

Imports

Total

Exports

Imports

Total

2001

985,754

1,028,403

2,014,157

117,994

101,014

219,009

2002

997,237

989,244

1,986,481

124,737

107,092

231,829

2003

979,842

992,825

1,972,667

130,379

116,835

247,214

2004

1,062,459

1,088,524

2,150,983

138,383

122,783

261,166

Table 2

Share of New Member States in Total EU Trade 2001-2004 (Percentage)

Year

Extra-EU

New Member States

Exports

Imports

Total Exports Imports Total 2001 48.9 51.1 100.0 12.0 9.8 10.9 2002 50.2 49.8 100.0 12.5 10.8 11.7 2003 49.7 50.3 100.0 13.3 11.8 12.5 2004 49.4 50.6 100.0 13.0 11.3 12.1 **EU New Members** EU15 trade 2001-2004 with EU New Members (million €) imports exports balance

total trade **HS Section** 2001 2002 2003 2004 2001 2002 2003 2004 2001 2002 2003 2004 2001 2002 2003 2004 Total 101,014 107,092 116,835 122,783 117,994 124,737 130,379 138,383 16,980 17,644 13,544 15,600 219,009 231,829

247,214 261,166 of which:

1,477 1,394 1,635 1,928
739 827 764 1,185
-738 -566 -871 -743
2,217 2,221 2,400 3,113
II. Vegetable products
1,258 1,451 1,473 1,477
1,779 1,762 1,752 1,902
522 312 278 424
3,037 3,213 3,225 3,379
III. Animal or vegetable fats and oils
16 19

I. Live animals; animal products

```
35
57
328
398
411
436
311
379
375
379
344
417
446
493
IV. Prep foodstuffs; beverages, tobacco
1,342
1,489
1,702
1,938
2,943
3,094
3,055
3,436
1,602
1,605
1,353
1,498
4,285
4,583
4,757
5,374
V. Mineral Products
4,347
4,214
3,871
5,444
```

```
2,458
2,381
2,511
-1,866
-1,755
-1,490
-2,933
6,828
6,672
6,252
7,954
VI. Products of the chemical
3,392
3,531
3,715
3,511
10,617
11,699
11,778
12,064
7,225
8,168
8,062
8,553
14,009
15,230
15,493
15,576
VII. Plastics; rubber
4,122
4,613
5,154
5,115
7,855
8,629
9,417
```

```
3,733
4,016
4,262
4,838
11,977
13,242
14,571
15,069
VIII. Raw hides and skins, leather
675
656
623
487
1,300
1,396
1,372
1,165
625
740
749
678
1,974
2,053
1,995
1,652
IX. Wood and articles of wood; cork
3,794
3,986
4,300
3,670
913
1,033
1,081
1,125
-2,881
-2,953
-3,219
-2,545
```

```
5,019
5,380
4,796
X. Paper or paperboard
2,275
2,564
2,757
2,438
4,221
4,583
4,685
4,719
1,946
2,019
1,928
2,281
6,496
7,146
7,442
7,157
XI. Textiles and textile articles
8,348
8,104
7,703
6,542
8,043
8,139
7,944
7,287
-305
35
241
745
16,392
16,244
15,647
```

```
XII. Footwear
1,117
1,086
1,032
778
758
779
718
694
-359
-307
-314
-84
1,875
1,866
1,750
1,472
XIII. Art of stone plaster cement
1,973
2,027
2,180
1,897
2,128
2,298
2,367
2,345
154
271
187
447
4,101
4,325
4,546
4,242
```

XIV. Pearls; precious stones and metals

```
516
388
359
318
308
250
254
253
-208
-138
-105
-66
825
639
612
571
XV. Iron and steel, base metals and art
9,731
9,861
10,660
10,969
9,856
10,563
11,778
12,868
126
702
1,118
1,899
19,587
20,425
22,439
23,837
XVI. Mach., elect. equip.
32,637
35,171
39,450
```

```
39,263
39,546
41,072
44,316
6,626
4,375
1,621
3,404
71,900
74,717
80,522
85,228
XVII. Transport equip., aircraft, ship
15,454
16,930
19,985
20,138
16,368
19,215
21,069
20,057
914
2,285
1,083
-81
31,822
36,146
41,054
40,194
XVIII. Optic photo cine precision instr.
1,522
1,771
1,979
2,117
2,957
3,103
```

```
3,544
1,435
1,332
1,373
1,427
4,479
4,874
5,330
5,662
XIX. Arms and ammunition
22
25
21
20
67
47
43
40
45
22
22
20
89
71
64
59
XX. Miscellaneous manufactured articles
6,042
6,949
7,277
6,653
2,541
2,679
2,726
2,573
-3,501
-4,270
```

```
-4,551
-4,080
8,584
9,628
10,003
9,226
XXI. Works of art, collectors' pieces
56
28
21
12
56
24
19
28
0
-4
-2
15
113
52
40
40
other
898
835
901
6,360
2,472
2,212
2,344
5,884
1,574
1,377
1,443
-476
3,369
3,047
```

```
3,245
12,243
```

Source: EUROSTAT (Comext, Statistical regime 4)

EXTRA-EUR

EU15 trade 2001-2004 with EXTRA-EU (million €)

imports

exports

balance

total trade

HS Section

2001

2002

2003

2004

2001

2002

2003

2004

2001

2002

2003

2004

2001

2002

2003

2004

Total

1,028,403

989,244

992,825

1,088,524

985,754

997,237

979,842

1,062,459

```
-42,649
7,993
-12,983
-26,066
2,014,157
1,986,481
1,972,667
2,150,983
of which:
I. Live animals; animal products
17,057
16,170
16,265
16,505
11,886
11,532
10,814
12,270
-5,171
-4,638
-5,451
-4,235
28,942
27,702
27,079
28,775
II. Vegetable products
26,158
26,298
25,595
26,391
11,240
11,926
11,840
11,035
-14,918
-14,371
```

-13,755

```
-15,357
37,398
38,224
37,435
37,426
III. Animal or vegetable fats and oils
2,382
2,800
2,927
3,389
2,470
2,833
2,685
2,799
88
33
-242
-591
4,852
5,632
5,611
6,188
IV. Prep foodstuffs; beverages, tobacco
24,227
25,012
24,904
25,861
32,064
32,981
32,028
32,440
7,837
7,969
7,124
6,579
56,292
57,993
```

```
56,932
58,302
V. Mineral Products
158,761
150,740
157,423
187,256
29,650
29,835
30,129
34,865
-129,111
-120,905
-127,294
-152,390
188,412
180,574
187,552
222,121
VI. Products of the chemical
70,325
73,879
73,040
80,095
126,963
138,882
138,030
145,131
56,638
65,004
64,991
65,036
197,288
212,761
211,070
```

VII. Plastics; rubber

```
26,619
26,709
27,777
29,457
36,566
38,666
39,829
44,202
9,947
11,957
12,053
14,746
63,185
65,376
67,606
73,659
VIII. Raw hides and skins, leather
11,253
10,538
9,668
9,553
10,008
9,674
9,269
9,493
-1,246
-864
-398
-60
21,261
20,212
18,937
19,046
IX. Wood and articles of wood; cork
13,893
13,572
13,737
```

```
13,777
7,067
7,715
7,392
7,998
-6,826
-5,857
-6,345
-5,779
20,959
21,287
21,130
21,775
X. Paper or paperboard
16,406
15,570
14,850
14,808
24,748
25,537
25,510
26,903
8,343
9,967
10,660
12,096
41,154
41,107
40,361
41,711
XI. Textiles and textile articles
72,488
71,406
70,456
72,986
43,589
43,508
```

```
41,868
41,777
-28,898
-27,897
-28,588
-31,208
116,077
114,914
112,325
114,763
XII. Footwear
11,979
12,079
12,250
12,689
7,408
7,191
6,402
6,410
-4,571
-4,888
-5,848
-6,278
19,386
19,270
18,651
19,099
XIII. Art of stone plaster cement
8,434
8,019
8,193
8,666
15,807
15,845
```

15,183 15,792

```
7,825
6,990
7,126
24,241
23,864
23,376
24,458
XIV. Pearls; precious stones and metals
35,480
34,852
30,392
29,254
28,791
27,844
22,631
24,943
-6,689
-7,008
-7,761
-4,310
64,271
62,696
53,022
54,197
XV. Iron and steel, base metals and art
56,390
52,461
54,924
69,168
55,297
56,323
58,466
68,903
-1,093
3,862
3,542
-265
```

```
111,687
108,784
113,390
138,071
XVI. Mach., elect. equip.
284,392
259,755
259,002
285,274
310,694
296,109
291,711
322,462
26,302
36,354
32,709
37,188
595,087
555,864
550,713
607,736
XVII. Transport equip, aircraft, ship
93,880
95,124
99,277
102,388
150,595
156,128
153,976
159,611
56,715
61,003
54,699
57,223
244,474
251,252
253,253
```

XVIII. Optic photo cine precision instr. 44,917 42,046 40,336 42,045 43,734 45,414 45,385 51,291 -1,183 3,368 5,049 9,246 88,650 87,459 85,721 93,336 XIX. Arms and ammunition 609 1,033 645 488 1,425 1,294 1,175 1,254 816 262 531 766 2,034

XX. Miscellaneous manufactured articles

27,446

2,327 1,820 1,742

```
29,272
30,029
31,115
19,274
19,275
18,372
18,560
-8,171
-9,997
-11,657
-12,555
46,720
48,548
48,402
49,675
XXI. Works of art, collectors' pieces
3,078
3,089
2,216
2,511
4,147
4,257
3,876
4,178
1,069
1,168
1,660
1,666
7,225
7,346
6,092
6,689
other
```

22,230 18,820 18,920 24,849

```
14,467
13,268
20,141
-9,899
-4,353
-5,651
-4,708
34,561
33,288
32,188
44,990
Source: EUROSTAT (Comext, Statistical regime 4)
EU New Members/Total
EU15 trade 2004 with EU New Members
EU15 trade 2004 with EXTRA-EUR
EU New Members
imports
exports
balance
imports
exports
balance
market share
Exp-Imp ratio
HS Section
М€
% Total
М€
% Total
М€
М€
% Total
М€
% Total
```

М€

imports exports Total 122,783 100% 138,383 100% 15,600 1,088,524 100% 1,062,459 100% -26,066 11.3% 13.0% 0.89 of which: I. Live animals; animal products 1,928 1.6% 1,185 0.9% -743 16,505 1.5% 12,270 1.2% -4,235 11.7% 9.7% 1.63 II. Vegetable products 1,477 1.2% 1,902 1.4% 424

```
26,391
2.4%
11,035
1.0%
-15,357
5.6%
17.2%
0.78
III. Animal or vegetable fats and oils
57
0.0%
436
0.3%
379
3,389
0.3%
2,799
0.3%
-591
1.7%
15.6%
0.13
IV. Prep foodstuffs; beverages, tobacco
1,938
1.6%
3,436
2.5%
1,498
25,861
2.4%
32,440
3.1%
6,579
7.5%
10.6%
0.56
```

V. Mineral Products

```
5,444
```

4.4%

2,511

1.8%

-2,933

187,256

17.2%

34,865

3.3%

-152,390

2.9%

7.2%

2.17

VI. Products of the chemical

3,511

2.9%

12,064

8.7%

8,553

80,095

7.4%

145,131

13.7%

65,036

4.4%

8.3%

0.29

VII. Plastics; rubber

5,115

4.2%

9,953

7.2%

4,838

29,457

2.7%

44,202

4.2%

```
22.5%
0.51
VIII. Raw hides and skins, leather
487
0.4%
1,165
0.8%
678
9,553
0.9%
9,493
0.9%
-60
5.1%
12.3%
0.42
IX. Wood and articles of wood; cork
3,670
3.0%
1,125
0.8%
-2,545
13,777
1.3%
7,998
0.8%
-5,779
26.6%
14.1%
3.26
X. Paper or paperboard
2,438
2.0%
4,719
3.4%
2,281
```

17.4%

```
14,808
1.4%
26,903
2.5%
12,096
16.5%
17.5%
0.52
XI. Textiles and textile articles
6,542
5.3%
7,287
5.3%
745
72,986
6.7%
41,777
3.9%
-31,208
9.0%
17.4%
0.90
XII. Footwear
778
0.6%
694
0.5%
-84
12,689
1.2%
6,410
0.6%
-6,278
6.1%
10.8%
1.12
```

XIII. art of stone plaster cement

```
1,897
1.5%
2,345
1.7%
447
8,666
0.8%
15,792
1.5%
7,126
21.9%
14.8%
0.81
XIV. Pearls; precious stones and metals
318
0.3%
253
0.2%
-66
29,254
2.7%
24,943
2.3%
-4,310
1.1%
1.0%
1.26
XV. Iron and steel, base metals and art
10,969
8.9%
12,868
9.3%
1,899
69,168
6.4%
68,903
6.5%
-265
```

```
15.9%
18.7%
0.85
XVI. Mach., elect.equip
40,912
33.3%
44,316
32.0%
3,404
285,274
26.2%
322,462
30.4%
37,188
14.3%
13.7%
0.92
XVII. Transport equip, aircraft, ship
20,138
16.4%
20,057
14.5%
-81
102,388
9.4%
159,611
15.0%
57,223
19.7%
12.6%
1.00
XVIII. Optic photo cine precision instr.
2,117
1.7%
3,544
2.6%
```

```
42,045
3.9%
51,291
4.8%
9,246
5.0%
6.9%
0.60
XIX. Arms and ammunition
20
0.0%
40
0.0%
20
488
0.0%
1,254
0.1%
766
4.1%
3.2%
0.50
XX. Miscellaneous manufactured articles
6,653
5.4%
2,573
1.9%
-4,080
31,115
2.9%
18,560
1.7%
-12,555
21.4%
13.9%
2.59
```

XXI. Works of art, collectors' pieces

12 0.0% 28 0.0% 15 2,511 0.2% 4,178 0.4% 1,666 0.5% 0.7% 0.45 other 6,360 5.2% 5,884 4.3% -476 24,849 2.3% 20,141 1.9% -4,708 25.6% 29.2% 1.08

Source: EUROSTAT (Comext, Statistical regime 4)

1 The Customs Code of the European Communities is implemented by Regulation (EEC) No 2454/93, 2 July 1993.

3 Official Journal of the EU L 69, 13.3.2003, p.8, notified under G/SG/N/1/EEC/1/suppl.1

4 Official Journal of the EU L 65, 8.3.2003, p.1

5 Official Journal of the EU L 56, 6.3.1996, p.1, notified under G/ADP/N/1/EEC/2 of 2 July 1996

² By way of derogation from Article 5(1) of Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p.1), as last amended by 32002 R 0969: Commission Regulation (EC) No 969/2002 of 6.6.2002 (OJ L 149, 7.6.2002, p.20).

6 Official Journal of the EU L 288, 21.10.1997, p.1, notified under G/SCM/N/1/EEC/2 of 19 January 1998

7 Official Journal of the EU L 69, 13.3.2003, p.8, notified under g/ADP/N/1/EEC/2/Suppl.4 and G/SCM/N/1/EEC/2/Suppl.4