

EFTA-CZECH REPUBLIC FREE TRADE AREA

Biennial Report on the Operation of the Agreement

Communication from the Parties

The report below presents the information received from the European Free Trade Association and the Permanent Mission of the Czech Republic, dated. 25 July 2001. It is organized in accordance to the Standard Format for Information on Regional Trade Agreements (WT/REG/W/6).

The Agreement between the States of the European Free Trade Association (EFTA) and the Czech Republic was examined in accordance with Article XXIV of GATT. In accordance with the guidelines approved by the Council For Trade in Goods¹, as recommended by the Committee on Regional Trade Agreements², and the reporting schedule established by the WTO Secretariat, the Parties to the Agreement establishing the Free Trade Area between the EFTA States and the Czech Republic herewith provide their biennial report on the operation of the Agreement covering the period since 1999. The Parties to the Agreement submitted a biennial report on the operation of the Agreement on 28 May 1999, circulated in WT/REGG87/R/B/1;G/L/353.

Main developments

The Parties have continued to pay attention to updating and upgrading the Agreement. During the reporting period (1999-2000), the Joint Committee held one meeting on 14 November 2000, and has adopted three Joint Committee Decisions (amendments to Protocol B and Annex II). For further details, see Annex I.

I. BACKGROUND INFORMATION ON THE AGREEMENT

1. Membership and Dates of Signature, Ratification and Entry into Force

The Agreement was signed on 20 March 1992, originally between the EFTA States and the Czech and Slovak Federal Republic (CSFR). Following the dissolution of the CSFR on 31 December 1992, a Protocol on the succession by the Czech Republic to the Agreement was signed on 19 April 1993.

The Agreement entered into force on 1 July 1992. Austria, Finland and Sweden ceased to be Parties to the FTA, following their withdrawal from the EFTA Convention and subsequent accession to the European Union on 1 January 1995. Liechtenstein has applied it provisionally as of 1 January 1997. The Agreement can be consulted on the EFTA web page: <http://www.efta.int/library/legal/fta/czech/>.

¹ G/L/286.

² WT/REG/4.

2. Trade Data

According to the EFTA Secretariat's statistical sources, trade between the EFTA States and the Czech Republic expanded by 24 per cent in the period from 1997 to 2000. EFTA imports from the Czech Republic increased by 50 per cent and EFTA exports to the Czech Republic decreased by 8.5 per cent during the same period.

The trade balance between the two was in favour of the EFTA States in the period 1997 to 2000. In 2000, EFTA exports to the Czech Republic amounted to 589 million US dollars while imports from the Czech Republic amounted to 501 million US dollars.

Among the EFTA States, Switzerland was the Czech Republic's largest trading partner in 2000, accounting for 73.8 per cent of the trade, followed by Norway with 25.5 per cent and Iceland with 0.7 per cent.

In the period 1997 to 2000, the EFTA States' total trade increased by 6.9 per cent, or in absolute terms from 239.7 billion US dollars to 256.1 billion US dollars. Both import and export figures showed the same positive trend.

In the period 1997 to 2000, the Czech Republic's share of EFTA's total trade with the world has increased from 0.37 per cent to 0.43 per cent. With regard to other free trade partners, the share of the Czech Republic's trade with the EFTA States' total preferential trade (including trade with the EU) increased from 0.52 per cent in 1997 to 0.59 per cent in 2000.

Detailed trade data can be found in Annex II.

II. TRADE PROVISIONS

1. Import Restrictions &

2. Export Restrictions

Both the EFTA States and the Czech Republic have dismantled and/or abolished customs duties and quantitative restrictions in accordance with the timetables of the Agreement. They have also accelerated the gradual dismantling/abolishing of certain trade restrictions such as Icelandic, Liechtenstein and Swiss customs duties of a fiscal nature. It should be noted that the abolition of these duties was done on an MFN basis. The Parties have complied with all requirements set out in the Agreement and all transitional periods have come to an end.

3. Rules of Origin

Since all Parties to the Agreement are included in the system of pan-European cumulation system, annual amendments to Protocol on Origin Rules (Protocol B) have been made in 1999 and 2000 (see Annex I).

III. GENERAL PROVISIONS OF THE AGREEMENT

5. Institutional Framework

A Joint EFTA-Czech Republic Committee has been established under the Agreement. The aim of the Joint Committee is to supervise and administer the implementation of the Agreement, as well as to review the possibility of further removal of obstacles to trade between the Parties. The Joint Committee is assisted by expert groups, in particular by the Sub-Committee on Customs and Origin Matters. Other expert groups can be convened, as agreed. During the reporting period, the sixth Joint Committee took place on 14 November 2000 in Geneva.

ANNEX IAmendments to the EFTA – Czech Republic FTA since 1999

Articles/ Annexes	Description	Amendments / Deletions	Remarks	Entry into Force
Protocol B	Rules of origin and methods of administrative co-operation	Amended JCD of 28.09.1999	Protocol B updated in line with the updated rules on pan-European cumulation.	Entered into force 01.01.2000
Annex II	Fish and other marine products	Amended JCD of 14.11.2000	The last exceptions for freshwater fish were deleted.	Entered into force 14.11.2000
Protocol B	Rules of origin and methods of administrative co-operation	Amended JCD of 14.11.2000	Protocol B updated in line with the updated rules on pan-European cumulation.	Entered into force 01.01.2001

ANNEX II

Detailed Trade Data

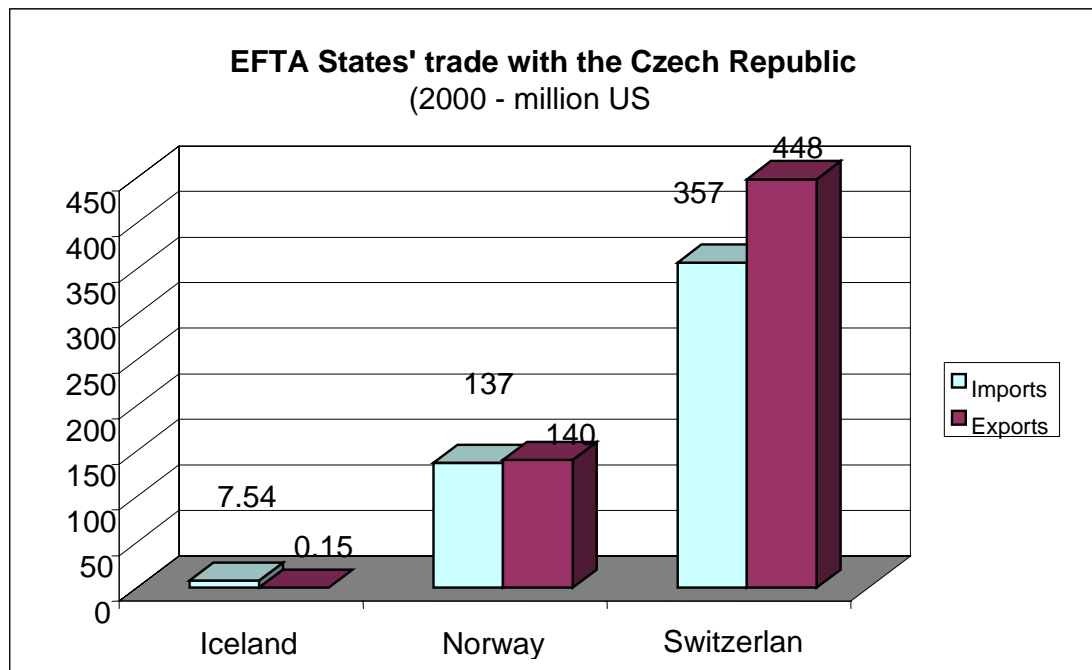
Statistical information on:

- EFTA States' trade with the Czech Republic 1997-2000
- EFTA States' trade with the Czech Republic by selected commodities 1998-2000
- Development of EFTA States' trade with the Czech Republic 1993-2000
- EFTA States' trade with the world 1997-2000
- EFTA States' trade with the world by selected commodities 1998-2000

EFTA STATES' TRADE WITH CZECH REPUBLIC

	1997	1998	1999	2000	1997/98	1998/99	99/2000
IMPORTS	In thousand US dollars				Percentage Change		
Iceland	6,188	9,680	10,482	7,544	56.4	8.3	-28.0
Norway	99,625	115,390	127,302	136,895	15.8	10.3	7.5
Switzerland	229,334	282,578	305,182	356,641	23.2	8.0	16.9
EFTA	335,147	407,648	442,966	501,080	21.6	8.7	13.1
Share in EFTA's tot. imports	0.30%	0.34%	0.38%	0.43%			
EXPORTS							
Iceland	692	388	5	147	-43.9	-98.7	2,840.0
Norway	119,245	119,494	170,020	140,301	0.2	42.3	-17.5
Switzerland	422,551	438,521	445,431	448,106	3.8	1.6	0.6
EFTA	542,488	558,403	615,456	588,554	2.9	10.2	-4.4
Share in EFTA's tot. exports	0.43%	0.46%	0.48%	0.42%			
IMPORTS + EXPORTS							
Iceland	6,880	10,068	10,487	7,691	46.3	4.2	-26.7
Norway	218,870	234,884	297,322	277,196	7.3	26.6	-6.8
Switzerland	651,885	721,099	750,613	804,747	10.6	4.1	7.2
EFTA	877,635	966,051	1,058,422	1,089,634	10.1	9.6	2.9
Share in EFTA's total trade	0.37%	0.40%	0.44%	0.43%			

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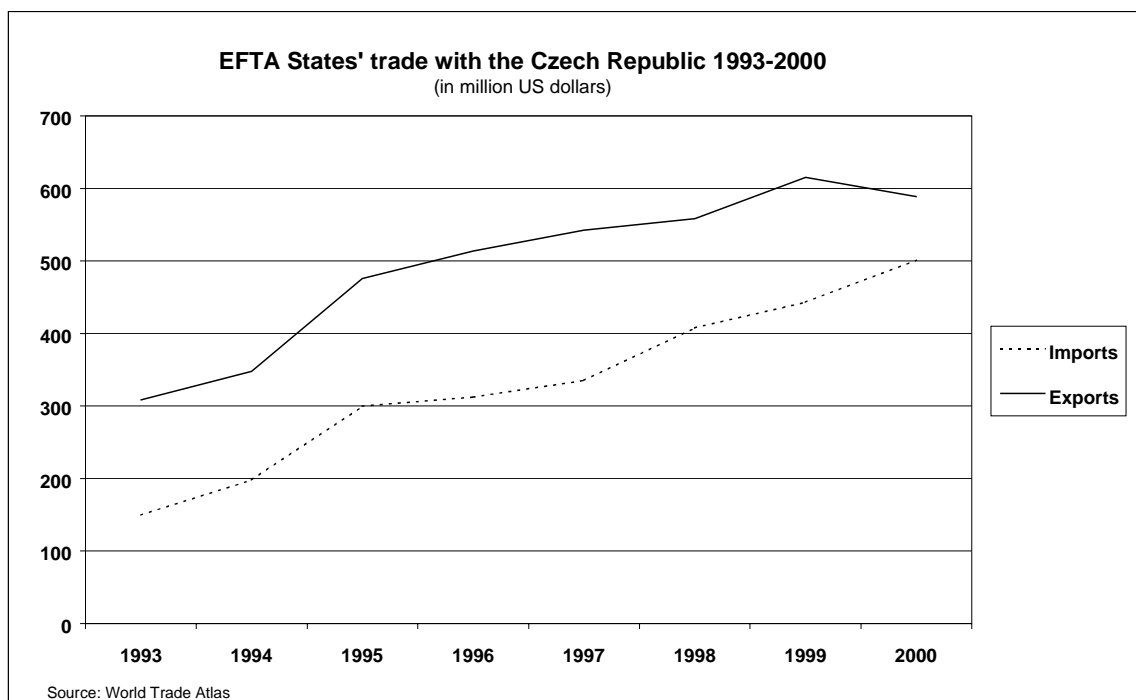
Source: World Trade Atlas

**EFTA STATES' TRADE WITH THE CZECH REPUBLIC BY
SELECTED COMMODITIES (HS)**

	1998	1999	2000	1998	1999	2000
IMPORTS	In thousand US dollars			In per cent		
Iceland						
Total imports from the Czech Republic	9,680	10,482	7,544	100.0	100.0	100.0
<i>In per cent of imports from world</i>	<i>0.42%</i>	<i>0.45%</i>	<i>0.32%</i>			
HS 87 Vehicles (not railway)	3,233	3,645	2,880	33.4	34.8	38.2
HS 84 Machinery, mechanical appliances	609	2,810	708	6.3	26.8	9.4
HS 72 Iron and steel	772	455	638	8.0	4.3	8.5
Norway						
Total imports from the Czech Republic	115,390	127,302	136,895	100.0	100.0	100.0
<i>In per cent of imports from world</i>	<i>0.31%</i>	<i>0.38%</i>	<i>0.43%</i>			
HS 87 Vehicles (not railway)	29,531	35,158	33,469	25.6	27.6	24.4
HS 73 Iron and steel products	20,113	16,888	18,683	17.4	13.3	13.6
HS 84 Machinery, mechanical appliances	13,809	14,111	13,654	12.0	11.1	10.0
HS 72 Iron and steel	3,846	8,562	12,470	3.3	6.7	9.1
HS 85 Electrical machinery	6,964	8,683	12,079	6.0	6.8	8.8
HS 63 Miscellaneous textile articles	3,464	3,226	4,212	3.0	2.5	3.1
HS 62 Woven apparel or clothing accessories	3,724	4,667	4,031	3.2	3.7	2.9
HS 40 Rubber	2,747	2,654	3,804	2.4	2.1	2.8
Switzerland						
Total imports from the Czech Republic	282,578	305,182	356,641	100.0	100.0	100.0
<i>In per cent of imports from world</i>	<i>0.35%</i>	<i>0.38%</i>	<i>0.43%</i>			
HS 84 Machinery, mechanical appliances	47,361	49,352	59,031	16.8	16.2	16.6
HS 87 Vehicles (not railway)	23,050	30,727	44,953	8.2	10.1	12.6
HS 85 Electrical machinery	25,668	29,248	40,160	9.1	9.6	11.3
HS 29 Organic chemicals	24,648	20,857	25,240	8.7	6.8	7.1
HS 94 Furniture and bedding	21,701	20,596	24,209	7.7	6.7	6.8
HS 73 Iron and steel products	13,552	16,068	23,575	4.8	5.3	6.6
HS 62 Woven apparel or clothing accessories	19,082	17,828	17,476	6.8	5.8	4.9
HS 39 Plastic, plastic articles	8,708	9,680	11,243	3.1	3.2	3.2
HS 63 Miscellaneous textile articles	5,977	8,381	9,826	2.1	2.7	2.8
HS 52 Cotton	13,988	10,288	8,257	5.0	3.4	2.3
EXPORTS	In thousand US dollars			In per cent		
Iceland						
Total exports to the Czech Republic	388	5	147	100.0	100.0	100.0
<i>In per cent of exports to world:</i>	<i>0.02%</i>	<i>0.00%</i>	<i>0.01%</i>			
HS 16 Preparation of meat, fish	183	0	51	47.2	0.0	34.7
HS 99 Salvage, reparations	22	0	48	5.7	0.0	32.7
HS 90 Optical, medical, surgical instruments	0	0	28	0.0	0.0	19.0
Norway						
Total exports to the Czech Republic	119,494	170,020	140,301	100.0	100.0	100.0
<i>In per cent of exports to world:</i>	<i>0.30%</i>	<i>0.38%</i>	<i>0.24%</i>			
HS 27 Mineral fuels, oil	63,999	120,172	90,587	53.6	70.7	64.6
HS 99 Salvage, reparations	13,024	9,524	9,933	10.9	5.6	7.1
HS 85 Electrical machinery	6,159	6,364	5,883	5.2	3.7	4.2
HS 76 Aluminium and articles thereof	6,358	6,492	4,660	5.3	3.8	3.3
HS 84 Machinery, mechanical appliances	6,044	2,873	4,347	5.1	1.7	3.1
HS 72 Iron and steel	3,471	2,889	2,908	2.9	1.7	2.1
HS 03 Fish, crustaceans	2,524	3,695	2,651	2.1	2.2	1.9
HS 88 Aircraft, spacecraft	2,343	1,004	2,483	2.0	0.6	1.8

	1998	1999	2000	1998	1999	2000
Switzerland						
Total exports to the Czech Republic	438,521	445,431	448,106	100.0	100.0	100.0
<i>In per cent of exports to world:</i>	<i>0.56%</i>	<i>0.55%</i>	<i>0.56%</i>			
HS 84 Machinery, mechanical appliances	101,792	86,212	105,831	23.2	19.4	23.6
HS 30 Pharmaceutical products	73,405	81,415	79,090	16.7	18.3	17.6
HS 85 Electrical machinery	57,071	56,360	55,841	13.0	12.7	12.5
HS 90 Optical, medical, surgical instruments	30,570	25,879	27,167	7.0	5.8	6.1
HS 39 Plastic, plastic articles	17,431	25,389	21,660	4.0	5.7	4.8
HS 52 Cotton	13,680	11,467	15,952	3.1	2.6	3.6
HS 73 Iron and steel products	10,363	9,945	10,945	2.4	2.2	2.4
HS 38 Misc. chemical products	8,481	9,598	9,562	1.9	2.2	2.1
HS 87 vehicles (not railway)	11,476	11,397	9,283	2.6	2.6	2.1
HS 48 Paper, paperboard	6,739	7,482	8,417	1.5	1.7	1.9

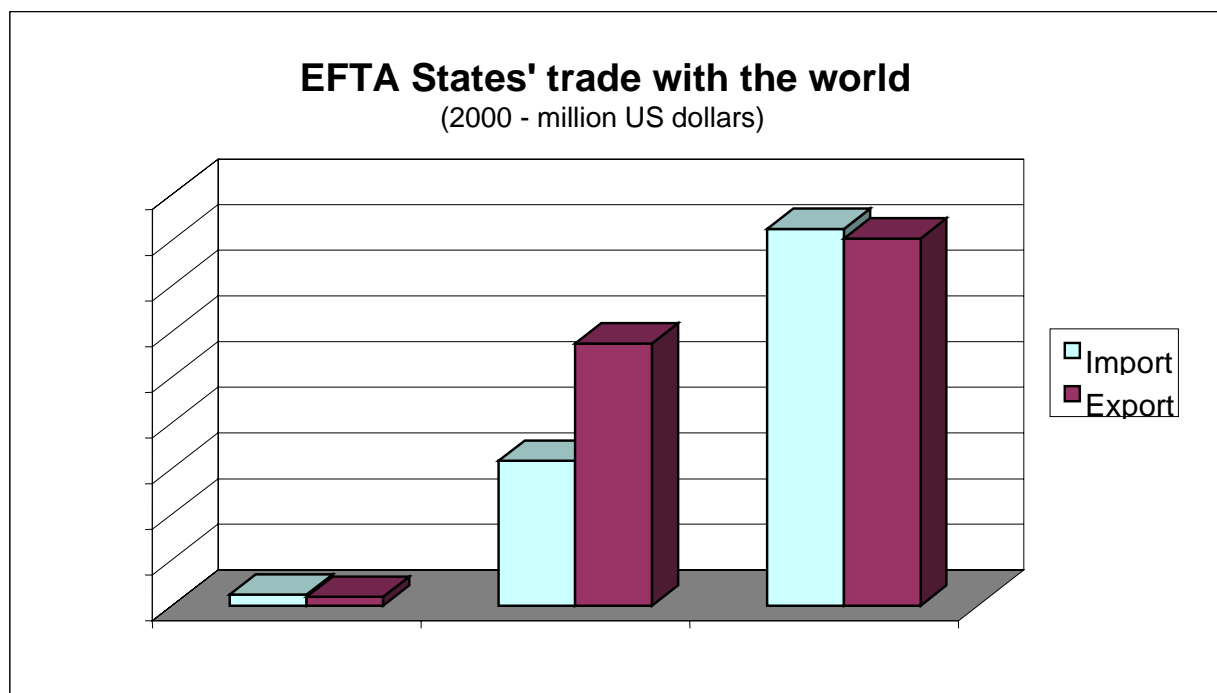
Source: World Trade Atlas



EFTA STATES' TRADE WITH THE WORLD

	1997	1998	1999	2000	1997/98	1998/99	99/2000
IMPORTS	In thousand US dollars				Percentage Change		
Iceland	1,851,157	2,284,704	2,315,759	2,380,086	23.4	1.4	2.8
Norway	35,673,861	37,451,092	33,779,975	31,674,645	5.0	-9.8	-6.2
Switzerland	75,770,047	80,267,624	80,008,545	82,411,758	5.9	-0.3	3.0
EFTA	113,295,065	120,003,420	116,104,279	116,466,489	5.9	-3.2	0.3
Share in EFTA's tot. imports	100%	100%	100%	100%			
EXPORTS							
Iceland	1,850,720	1,926,744	2,001,400	1,889,770	4.1	3.9	-5.6
Norway	48,495,496	40,374,441	44,824,714	57,367,564	-16.7	11.0	28.0
Switzerland	76,021,445	78,842,006	80,295,179	80,402,473	3.7	1.8	0.1
EFTA	126,367,661	121,143,191	127,121,293	139,659,807	-4.1	4.9	9.9
Share in EFTA's tot. exports	100%	100%	100%	100%			
IMPORTS + EXPORTS							
Iceland	3,701,877	4,211,448	4,317,159	4,269,856	13.8	2.5	-1.1
Norway	84,169,357	77,825,533	78,604,689	89,042,209	-7.5	1.0	13.3
Switzerland	151,791,492	159,109,630	160,303,724	162,814,231	4.8	0.8	1.6
EFTA	239,662,726	241,146,611	243,225,572	256,126,296	0.6	0.9	5.3
Share in EFTA's total trade	100%	100%	100%	100%			

No percentage calculated



Source: World Trade Atlas

EFTA STATES' TRADE WITH THE WORLD BY SELECTED COMMODITIES (HS)

	1998	1999	2000	1998	1999	2000
IMPORTS	In thousand US dollars			In per cent		
Iceland						
Total imports from the world	2,284,704	2,315,759	2,380,086	100.0	100.0	100.0
<i>In per cent of imports from the world</i>	100%	100%	100%			
HS 84 Machinery, mechanical appliances	343,400	338,079	304,921	15.0	14.6	12.8
HS 85 Electrical machinery	279,576	259,297	276,459	12.2	11.2	11.6
HS 87 Vehicles (not railway)	228,117	265,046	249,848	10.0	11.4	10.5
Norway						
Total imports from the world	37,451,092	33,779,975	31,674,645	100.0	100.0	100.0
<i>In per cent of imports from the world</i>	100%	100%	100%			
HS 84 Machinery, mechanical appliances	6,328,865	5,644,825	4,805,467	16.9	16.7	15.2
HS 85 Electrical machinery	3,506,578	3,353,604	3,376,049	9.4	9.9	10.7
HS 87 Vehicles (not railway)	3,535,595	3,089,991	2,956,628	9.4	9.1	9.3
HS 27 Mineral fuels, oil	947,888	1,035,991	1,163,853	2.5	3.1	3.7
HS 39 Plastic, plastic articles	1,085,801	1,019,696	994,492	2.9	3.0	3.1
HS 94 Furniture and bedding	1,010,353	975,274	963,645	2.7	2.9	3.0
HS 89 Ships, boats and floating structures	2,619,491	1,604,601	931,579	7.0	4.8	2.9
HS 73 Iron and steel products	1,914,583	1,270,865	926,097	5.1	3.8	2.9
Switzerland						
Total imports from the world	80,267,624	80,008,545	82,411,758	100.0	100.0	100.0
<i>In per cent of imports from the world</i>	100%	100%	100%			
HS 84 Machinery, mechanical appliances	10,571,578	11,075,982	11,203,711	13.2	13.8	13.6
HS 85 Electrical machinery	7,184,466	7,490,076	8,180,210	9.0	9.4	9.9
HS 87 Vehicles (not railway)	6,668,542	7,032,447	6,789,513	8.3	8.8	8.2
HS 71 Precious stones and metals	6,937,018	5,076,812	6,726,878	8.6	6.3	8.2
HS 30 Pharmaceutical products	3,463,563	4,293,309	4,283,838	4.3	5.4	5.2
HS 29 Organic chemicals	4,092,940	3,961,542	4,265,592	5.1	5.0	5.2
HS 27 Mineral fuels, oil	2,365,844	2,379,581	3,760,061	2.9	3.0	4.6
HS 39 Plastic, plastic articles	2,892,037	2,865,059	2,865,389	3.6	3.6	3.5
HS 90 Optical, medical, surgical instruments	2,540,987	2,699,511	2,708,710	3.2	3.4	3.3
HS 94 Furniture and bedding	2,025,839	2,102,726	1,960,136	2.5	2.6	2.4
EXPORTS	In thousand US dollars			In per cent		
Iceland						
Total exports to the world	1,926,744	2,001,400	1,889,770	100.0	100.0	100.0
<i>In per cent of exports to the world:</i>	100%	100%	100%			
HS 03 Fish, crustaceans	1,022,550	1,066,335	953,473	53.1	53.3	50.5
HS 76 Aluminium and articles thereof	267,540	319,073	352,473	13.9	15.9	18.7
HS 16 preparations of meat, fish	181,135	159,460	132,692	9.4	8.0	7.0
Norway						
Total exports to the world	40,374,441	44,824,714	57,367,564	100.0	100.0	100.0
<i>In per cent of exports to the world:</i>	100%	100%	100%			
HS 27 Mineral fuels, oil	17,472,594	22,803,716	36,287,450	43.3	50.9	63.3
HS 03 Fish, crustaceans	3,293,716	3,452,780	3,266,934	8.2	7.7	5.7
HS 99 Salvage, reparations	2,852,882	2,626,850	2,567,594	7.1	5.9	4.5
HS 76 Aluminium and articles thereof	2,383,826	2,152,071	2,453,409	5.9	4.8	4.3
HS 84 Machinery, mechanical appliances	2,622,145	2,548,091	2,300,745	6.5	5.7	4.0
HS 85 Electrical machinery	1,525,444	1,457,122	1,451,713	3.8	3.3	2.5

	1998	1999	2000	1998	1999	2000
HS 48 Paper, paperboard	802,279	794,343	746,990	2.0	1.8	1.3
HS 72 Iron and steel	829,051	732,428	688,860	2.1	1.6	1.2
Switzerland						
Total exports to the world	78,842,006	80,295,179	80,402,473	100.0	100.0	100.0
<i>In per cent of exports to the world:</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>			
HS 84 Machinery, mechanical appliances	15,525,047	15,220,247	15,217,874	19.7	19.0	18.9
HS 30 Pharmaceutical products	8,034,124	9,036,844	8,257,533	10.2	11.3	10.3
HS 85 Electrical machinery	7,437,217	7,388,342	7,778,432	9.4	9.2	9.7
HS 29 Organic chemicals	7,022,523	7,079,625	7,026,746	8.9	8.8	8.7
HS 91 Clocks and watches	5,810,028	5,976,159	6,073,494	7.4	7.4	7.6
HS 71 Precious stones and metals	4,400,966	5,111,609	6,061,537	5.6	6.4	7.5
HS 90 Optical, medical, surgical instruments	4,500,309	4,704,777	4,860,803	5.7	5.9	6.0
HS 39 Plastic, plastic articles	2,772,396	2,752,348	2,628,327	3.5	3.4	3.3
HS 32 Tanning, dye, paints, putty, inks	1,876,173	1,809,686	1,792,976	2.4	2.3	2.2
HS 73 Iron and steel products	1,821,551	1,748,717	1,706,374	2.3	2.2	2.1

Source: World Trade Atlas