

ASSOCIATION OF CERTAIN OVERSEAS COUNTRIES AND TERRITORIES WITH THE EUROPEAN COMMUNITY

Biennial Report on the Operation of the Agreement

Communication from the European Community

The report below presents the information received from the Permanent Delegation of the European Commission, dated 21 March 2000. It is organized in accordance to the Standard Format for Information on Regional Trade Agreements (WT/REG/W/6).

I. BACKGROUND INFORMATION ON THE AGREEMENT

1. Membership and dates of signature, ratification and entry into force

Under the Treaty of Rome, the Overseas Countries and Territories (OCTs) are linked to the Community under a specific Association, which is set out in Part Four of the Treaty (Articles 182-188 of the EC Treaty). The purpose of this Association is to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole.

In the 1990s, the Association underwent modifications on two occasions: in 1991 and in 1997. Council Decision 91/482/EEC of 25 July 1991 was adopted for a period of ten years subject to a mid-term review, which resulted in some amendments by Council Decision 97/803/EC of 24 November 1997. Neither of these Decisions affected the principles underlying the arrangements governing trade between the European Community and the OCTs.

There have been no changes during the 1990s to the list of OCTs which are associated with the EC (see Annex 1). There are currently 20 such OCTs, linked to four European Union (EU) Member States (Denmark, France, the Netherlands and the United Kingdom).

4. Trade data

In the 1990s there was a steady increase in EC-OCT trade, although this was partly accounted for by the movement of vehicles, aircraft, vessels and associated transport equipment that is automatically registered as "imports" and "exports" (see Annex 2). If these items are left aside, the OCTs mainly exported ferro-alloys, oil, and shrimps and prawns to the EC, while EC exports were highest for machinery and mechanical appliances, etc (section XVI).

The overall share of the OCTs in the total trade of the EC is very limited. In 1998, total imports from the OCTs were 1,456 million ECUs and total exports were 3,117 million ECUs. These figures represent 0.21 per cent and 0.43 per cent respectively of total EC imports from and exports to all third countries.

II. TRADE PROVISIONS

- 1. Import restrictions &**
- 2. Export restrictions**

As the EC market had long been open to OCT products, the Council decided in 1991 to abolish all remaining import duties and quantitative restrictions on OCT products exported to the EC. In 1997, Part IV of the EC Treaty was amended to specify that “customs duties on imports into the Member States of goods originating in the countries and territories shall be prohibited in conformity with the prohibition of customs duties between Member States”.

3. Rules of origin

At the same time, the 1991 Council Decision maintained the existing definition of “OCT products” for the purposes of the rules of origin. In particular, it maintained the provisions allowing cumulation of origin with the African, Caribbean and Pacific (ACP) Group of States.¹ However, as a result of the different conditions of access to the EC market under the EC/OCT and the EC/ACP arrangements, this gave rise to a rapid increase in exports to the EC of rice from ACP countries, which had undergone some working or processing in the OCTs. In view of the serious difficulties that this caused for the rice sector in the EC, safeguard measures under the relevant Council decision, aimed at creating a framework conducive to regular trade flows, were taken in 1993 and again in 1997. Council Decision 97/803/EC provided a structural solution to this situation. It also re-confirmed the free access of all OCT products to the EC market (i.e. absence of all duties or quotas).

III. GENERAL PROVISIONS OF THE AGREEMENT

5. Institutional framework

The Council Decision of 1991 introduced a European Commission/Member State/OCT partnership, involving close consultation – if possible on an annual basis – between the European Commission, the Member State responsible for an individual OCT and the relevant local authorities of the OCTs. This partnership is aimed at increasing the level of participation of elected representatives of the population concerned, while respecting the constitutions of the Member States responsible for the OCT. A major partnership conference involving all OCTs was held in Brussels on 29-30 April 1999 as a basis for preparation of a proposal from the Commission to the Council of Ministers on the Association of the OCTs from 2000.

IV. OTHER

Trade in Services

With the long-term aim of progressively liberalising trade in services, in 1997 the EC decided to apply to the OCTs its undertakings under the General Agreement on Trade in Services (GATS). The OCTs would afford nationals, companies or enterprises of the EC's Member States treatment no less favourable than that extended to third countries. With regard to the right of establishment and provision of services, both the EC Member States and the OCTs are obliged to treat each other's

¹ These provisions are intended to promote regional integration and trade between the ACP States and the OCTs.

nationals and companies or enterprises on a non-discriminatory basis, in line with Part IV of the Treaty establishing the EC, with the possibility for OCTs to request limited derogations to aid their inhabitants and local activities. The Commission and the Member States concerned have also started work with a view to producing a list of professional qualifications acquired in the OCTs by OCT nationals that could be recognised in the Member States.

ANNEX 1

Overseas Countries and Territories associated with the European Community

Country having special relations with the Kingdom of Denmark

- Greenland

Overseas Territories of the French Republic

- New Caledonia
- French Polynesia
- French Southern and Antarctic Territories
- Wallis and Futuna Islands

Territorial Collectivities of the French Republic

- Mayotte
- Saint Pierre and Miquelon

Overseas Countries of the Kingdom of the Netherlands

- Aruba
- Netherlands Antilles (Bonaire, Curaçao, Saba, Sint Eustatius, Sint Maarten)

Overseas Countries and Territories of the United Kingdom of Great Britain and Northern Ireland

- Anguilla
- Cayman Islands
- Falkland Islands
- South Georgia and South Sandwich Islands
- Montserrat
- Pitcairn
- Saint Helena, Ascension Island, Tristan da Cunha
- Turks and Caicos Islands
- British Antarctic Territory
- British Indian Ocean Territory
- British Virgin Islands

ANNEX 2²

Table 1 - EU Imports from World and the OCTs, 1980-1998
(Million ECU)

SITC:	0	1	2	3	4	5	6	7	8	9	TOTAL
1980 (EU 9)											
WORLD	23,908	1,929	27,501	85,384	1,579	11,374	37,648	37,853	22,176	20,502	269,853
OCTs	77	0	75	-	4	1	183	3	1	1	347
1984 (EU 10)											
WORLD	33,643	2,810	36,139	107,594	2,803	19,968	48,969	71,432	34,537	24,205	382,100
OCTs	158	0	80	0	9	1	136	6	3	1	395
1988 (EU 12)											
WORLD	32,221	2,152	35,752	47,393	1,499	25,067	59,078	106,689	49,968	27,937	387,757
OCTs	297	1	110	35	3	2	187	41	10	10	697
1992 (EU 12)											
WORLD	34,580	3,215	32,218	65,183	1,748	33,888	69,355	146,277	76,771	23,900	487,135
OCTs	275	1	44	100	3	5	113	75	12	4	631
1996 (EU 15)											
WORLD	41,305	3,599	34,829	75,910	2,423	44,328	75,479	189,056	93,962	20,131	581,065
OCTs	409	3	79	143	5	2	270	530	13	7	1,459
1997 (EU 15)											
WORLD	44,248	4,072	40,131	85,155	2,554	51,485	87,685	229,346	108,779	17,690	672,413
OCTs	365	4	79	156	6	2	220	756	12	8	1,608
1998 (EU 15)											
WORLD	45,198	4,458	39,370	64,843	2,891	55,290	94,672	264,153	116,092	22,676	709,643
OCTs	307	3	65	84	2	2	182	782	20	9	1,456

² The source for all the tables is Eurostat (COMEXT).

Table 2 - EU Exports to World and OCTs, 1980-1998
(Million ECU)

SITC:	0	1	2	3	4	5	6	7	8	9	TOTAL
1980 (EU 9)											
WORLD	13,662	3,422	4,327	10,071	717	23,228	46,455	84,154	21,333	13,716	221,084
OCTs	57	23	5	70	3	37	89	154	73	12	524
1984 (EU 10)											
WORLD	21,120	5,784	7,319	18,087	1,343	38,465	65,412	129,088	39,835	24,806	351,259
OCTs	106	48	6	51	6	58	134	274	115	23	822
1988 (EU 12)											
WORLD	19,588	6,205	7,602	8,232	1,158	44,449	65,673	141,249	48,507	20,256	362,917
OCTs	116	91	11	34	4	93	193	474	225	38	1,279
1992 (EU 12)											
WORLD	24,887	8,778	8,068	10,552	1,491	54,200	71,091	180,838	59,247	16,939	436,091
OCTs	147	118	9	50	5	124	192	803	235	29	1,711
1996 (EU 15)											
WORLD	30,646	10,339	11,414	15,431	1,998	79,144	102,957	283,081	79,287	12,695	627,011
OCTs	182	148	11	63	6	149	217	1,242	304	28	2,369
1997 (EU 15)											
WORLD	33,504	12,374	13,084	17,109	2,575	93,046	114,927	331,113	88,686	13,717	721,109
OCTs	205	184	11	130	7	164	254	1,612	369	21	2,977
1998 (EU 15)											
WORLD	31,772	12,005	11,554	13,833	2,831	95,885	112,815	343,435	89,424	16,869	730,423
OCTs	224	167	11	89	7	176	268	1,702	407	40	3,117

Table 3 - EU Trade with OCTs by HS Section
(Million ECU)

EXPORTS					
SECTION	1988	1992	1996	1997	1998
TOTAL	1,279	1,711	2,369	2,977	3,117
I	45	63	76	83	84
II	15	13	14	20	22
III	5	6	7	9	9
IV	148	188	240	285	284
V	39	53	67	134	94
VI	82	114	138	151	163
VII	38	40	51	54	53
VIII	6	6	9	6	6
IX	18	16	17	20	19
X	45	52	58	59	62
XI	49	49	59	59	63
XII	9	10	13	15	16
XIII	28	31	39	41	53
XIV	49	45	75	129	155
XV	100	99	109	136	125
XVI	266	282	389	363	416
XVII	211	526	860	1,258	1,292
XVIII	31	37	44	52	59
XIX	2	1	2	6	3
XX	60	53	60	66	74
XXI	20	12	13	11	36

IMPORTS					
SECTION	1988	1992	1996	1997	1998
TOTAL	697	631	1,459	1,608	1,456
I	216	174	175	212	212
II	2	19	137	69	15
III	3	3	5	6	2
IV	81	84	103	89	85
V	77	100	149	157	86
VI	2	5	2	2	2
VII	0	0	0	0	0
VIII	1	1	1	2	1
IX	0	0	0	0	0
X	1	0	8	7	4
XI	7	7	4	5	6
XII	0	0	0	0	0
XIII	0	0	0	0	0
XIV	8	2	148	105	96
XV	244	151	180	181	138
XVI	10	11	17	16	19
XVII	32	64	513	739	763
XVIII	3	3	9	8	14
XIX	0	0	0	0	0
XX	0	0	1	0	1
XXI	6	5	7	10	11

Table 4 - EU Trade with World by HS Section
(Million ECU)

EXPORTS					
SECTION	1988	1992	1996	1997	1998
TOTAL	362,917	436,091	627,011	721,109	730,423
I	7,060	8,001	9,980	10,897	10,062
II	6,372	8,511	8,819	9,757	9,145
III	1,341	1,673	2,286	2,977	3,156
IV	13,817	19,194	24,510	27,744	27,279
V	9,723	12,152	17,487	19,630	16,711
VI	37,393	46,951	68,968	81,772	85,215
VII	15,521	16,914	23,128	27,148	27,504
VIII	4,119	4,084	7,159	7,375	6,435
IX	1,771	2,035	4,045	4,927	5,182
X	7,937	10,271	18,033	19,764	19,803
XI	20,244	25,208	31,611	34,724	35,221
XII	3,440	4,526	5,922	6,313	6,043
XIII	7,153	8,120	11,257	12,916	12,894
XIV	13,026	12,425	16,992	19,285	17,990
XV	30,826	30,864	42,214	46,944	45,623
XVI	93,666	120,842	193,730	226,482	234,539
XVII	46,674	59,351	89,086	104,705	110,049
XVIII	14,107	17,067	23,982	28,129	29,109
XIX	402	388	1,097	1,326	1,656
XX	7,819	9,378	13,350	15,177	15,242
XXI	8,204	5,727	13,354	13,115	11,565

IMPORTS					
SECTION	1988	1992	1996	1997	1998
TOTAL	387,757	487,135	581,065	672,413	709,643
I	8,349	10,300	10,897	12,227	13,296
II	17,555	17,353	23,130	25,437	24,992
III	1,542	1,781	2,250	2,390	2,693
IV	13,638	15,595	18,511	19,019	19,518
V	55,920	73,081	84,793	95,737	75,508
VI	22,179	29,303	39,774	46,234	49,432
VII	10,125	13,862	17,132	19,323	21,043
VIII	6,121	5,701	7,590	8,498	8,224
IX	9,615	10,926	9,118	10,973	11,434
X	17,605	19,227	11,110	11,996	12,571
XI	28,639	39,478	47,467	55,248	57,903
XII	3,325	5,451	7,029	8,308	8,274
XIII	2,593	3,883	4,386	5,090	5,648
XIV	17,526	15,037	21,620	23,890	26,981
XV	26,101	29,345	33,661	40,312	44,472
XVI	81,389	106,397	146,298	173,122	195,378
XVII	25,240	40,386	42,797	56,275	68,476
XVIII	14,869	19,652	24,343	27,814	29,926
XIX	118	194	466	603	510
XX	6,655	12,072	14,394	17,529	19,046
XXI	5,733	5,511	14,298	12,387	14,318