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CZECH REPUBLIC-SLOVAK REPUBLIC CUSTOMS UNION

Biennial Report on the Operation of the Agreement

Communication from the Parties

The report below presents the information received from the Permanent Missions of the Czech Republic and the Slovak Republic, dated 2 April 2002.

The Czech Republic and the Slovak Republic submit this second biennial report on the implementation of the Agreement establishing the Customs Union between the Czech Republic and the Slovak Republic. The report is organized in accordance to the Standard Format for Information on Regional Trade Agreements (WT/REG/W/6). It complements the first biennial report on the implementation of the Customs Union Agreement on 14 March 2000, circulated in document WT/REG 89/R/B/1.

Main developments

During the period under the review, the Agreement has contributed to harmonious development of trade and economic relations between the Parties. In order to ensure its smooth implementation and maximise benefits resulting from the Agreement, the Parties have continued to update it (See Annex 1).

I. BACKGROUND INFORMATION ON THE AGREEMENT

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

The Agreement establishing the Customs Union between the Czech Republic and the Slovak Republic (hereinafter “the Agreement”) was signed on 29 October 1992 as a part of a broader spectrum of agreements and arrangements that were negotiated to ensure a smooth split of the former Czech and Slovak Federal Republic. It has been implemented since 1 January 1993.

The Agreement was notified to the GATT and reviewed by a Working Party established for that purpose.¹ The Working Party found the Agreement consistent with the provisions of Article XXIV of the GATT.²

¹ Documents L/7212 and Add. 1. dated 30 April 1993, resp. 12 May 1993.

² Document L/7501, dated 15 July 1994.

2. Trade data

Statistical data on the evolution of trade between the Czech Republic and Slovak Republic are given in Annex 2.

II. TRADE PROVISIONS

1. Import Restrictions & 2. Export Restrictions

The Agreement did not envisage any transitional period which is normally necessary for the elimination of trade barriers and establishment of a customs union since no duties and other restrictive regulations of commerce existed within the former federation. In the period under the review, the Parties have managed to preserve free trade in their relations. The only quantitative restrictions are those maintained by the Czech Republic on imports of sugar (HS 1701 – 3500 tons per year) and isoglucose (HS 1702 – 5000 tons per year) originating in the Slovak Republic. The Slovak Republic restricted imports of non-alcoholic beverages (HS 2202 – 540000 hl per year), sugar (HS 1701 – 3500 tons per year) and beer (HS 2203 – 532000 tons per year) originating in the Czech Republic.

Since the establishment of the Customs Union, the Parties have continued to pursue conforming commercial and customs policies towards third countries and to apply a Common Customs Tariff, which is reflected in two identical national Customs Tariffs.

3. Rules of origin

As explained in the first biennial report, the rules of origin applied since 1993 were adjusted in January 1997 with a view to allow for diagonal cumulation of origin among European countries since January 1997. Annual amendments to these rules were accomplished in 2000 and 2001 (see Annex 1).

III. GENERAL PROVISIONS OF THE AGREEMENT

5. Institutional framework

The Council of the Customs Union held two regular sessions in 1999 and 2000 during which the following issues had also been considered, namely development of mutual trade including issues of product certification, exploring of possibilities for further liberalization of trade in agricultural products, coordination with respect to other preferential and third country partners.

ANNEX 1

Customs Union between the Czech Republic and the Slovak Republic:
Agreements Concluded since the Previous Review

Description	Remarks	Entry into force
Agreement between the Parties amending the provisions of the Protocol regarding the definition of the term „original products“ and methods of administrative co-operation	Rules on Pan European cumulation were introduced	signed on 8.11.1999 in force since 1.1.2000
Agreement between the Ministry of Industry and Trade and the Ministry of Public Works relating to methods and terms of recognition and utilization of certificates and results of tests - building materials	Certificates of building materials	signed on 25.5.1999 in force since 25.5.1999
Agreement between the Parties amending the provisions of the Protocol regarding the definition of the term „original products“ and methods of administrative co-operation	Rules on Pan European cumulation were introduced	signed on 16.11.2000 in force since 1.1.2001
Protocol No 2 to the Agreement relating to methods of certificates and results of tests that are the subjects of the trade among the production factories and business establishment of the Czech Republic and the Slovak Republic	Certification is amended by this Protocol and is not applied to the foodstuff products, tobacco and the cosmetic products	signed on 23. 5. 2000 in force since 23.5.2000

ANNEX 2**Trade Data**

Trade of Czech Republic and Slovak Republic, 1999-2000
 (million of US dollars)

Year	Customs Union Trade		Imports from third countries	
	Czech Republic Imports from Slovak Republic	Slovak Republic Imports from Czech Republic	Czech Republic (without Slovak R.)	Slovak Republic (without Czech R.)
1999	1,763.3	1,883.7	27,100.9	9,416.7
2000	1,936.8	1,879.6	31,082.4	10,907.1

Share of Bilateral Trade in total Foreign Trade

Year	Czech Republic	Slovak Republic
1999	7.1%	17.3%
2000	6.8%	16%

Customs Union Trade
 (thousands US dollars)

HS Chapter	Import of the Czech Republic from the Slovak Republic		Import of the Slovak Republic from the Czech Republic	
	1999	1999	1999	2000
01	1,963	2,259	8,342	7,315
02	3,354	2,533	8,833	11,163
03	570	483	2,482	1,927
04	11,039	15,593	15,627	18,261
05	511	404	644	278
06	1,797	1,942	1,046	1,163
07	14,131	13,107	3,217	2,647
08	2,615	3,400	1,564	1,969
09	792	234	7,307	6,498
10	16,364	7,170	3,165	3,754
11	4,112	3,393	3,561	5,483
12	5,678	6,251	11,204	4,157
13	206	93	638	599
14	3	12	5	8
15	10,047	10,154	18,549	22,028
16	660	197	11,762	10,330
17	10,768	14,652	7,591	6,229
18	13,145	10,658	17,794	15,928
19	14,075	16,580	27,405	25,365
20	5,541	3,701	10,748	11,406
21	10,318	16,324	20,558	18,796
22	10,801	14,487	29,627	27,965

HS Chapter	Import of the Czech Republic from the Slovak Republic		Import of the Slovak Republic from the Czech Republic	
	1999	1999	1999	2000
23	2,292	1,496	5,584	6,413
24	28,248	14,334	59,123	42,450
25	39,826	39,574	13,823	13,145
26	3,074	3,149	425	370
27	217,736	339,896	118,140	134,832
28	17,143	15,406	22,331	21,439
29	35,118	49,767	67,697	73,518
30	65,534	52,914	52,427	45,657
31	15,357	19,126	898	931
32	4,235	3,270	15,360	15,985
33	7,071	6,179	11,790	10,172
34	18,962	20,462	17,062	16,986
35	1,985	2,463	1,083	965
36	1,403	1,763	1,420	1,396
37	196	239	721	659
38	11,547	9,756	12,944	12,636
39	97,630	107,966	75,504	79,341
40	50,068	49,950	29,227	31,006
41	3,132	3,419	5,665	6,007
42	1,574	1,289	2,711	2,294
43	446	208	1,069	748
44	33,089	36,291	22,327	23,271
45	3	20	98	87
46	87	41	52	79
47	13,403	2,602	17,010	17,219
48	98,294	94,317	59,129	60,364
49	21,287	20,736	28,360	25,192
50		0	1	3
51	2,074	1,622	3,712	3,406
52	3,807	3,039	16,838	16,152
53	566	405	2,171	1,060
54	42,191	46,292	2,330	3,033
55	3,547	4,177	12,193	11,660
56	741	818	5,919	6,229
57	212	211	1,115	767
58	71	96	3,467	3,120
59	250	402	19,324	17,559
60	400	556	3,960	3,467
61	3,539	8,333	11,425	10,876
62	17,699	21,059	11,036	9,431
63	2,967	2,569	5,714	6,627
64	11,814	11,342	8,492	8,829
65	141	209	700	778
66	137	161	470	243
67	102	74	60	54
68	15,236	16,796	14,127	17,286
69	15,846	16,922	22,069	19,821
70	17,516	19,530	19,839	21,267
71	4,037	3,845	7,170	6,168
72	233,796	305,755	103,705	105,811
73	66,892	63,693	103,624	107,718

HS Chapter	Import of the Czech Republic from the Slovak Republic		Import of the Slovak Republic from the Czech Republic	
	1999	1999	1999	2000
74	8,365	6,018	7,695	6,748
75	8	189	218	271
76	37,943	32,602	17,180	15,847
78	969	667	580	590
79	820	498	347	812
80	43	24	180	182
81	55	69	290	266
82	1,775	1,859	11,198	11,968
83	3,926	4,743	14,094	13,058
84	122,320	118,123	158,084	167,416
85	93,620	72,880	99,381	104,957
86	6,667	6,732	23,668	19,720
87	78,841	82,375	257,333	244,949
88	112	51	2,212	1,815
89	16	12	64	41
90	10,381	9,216	17,793	15,936
91	329	256	392	397
92	22	14	288	251
93	0	0	2,192	2,377
94	19,713	20,718	25,278	32,767
95	2,234	2,945	5,088	4,878
96	406	466	6,963	6,472
97	167	110	65	45