

Committee on Regional Trade Agreements

CZECH REPUBLIC-SLOVAK REPUBLIC CUSTOMS UNION

Biennial Report on the Operation of the Agreement

The following communication, dated 11 April 2006, is being circulated at the request of the Delegation of the Czech Republic.

The Czech Republic and the Slovak Republic submit this third biennial report on the Implementation of the Agreement establishing the Customs Union between the Czech Republic and the Slovak Republic (the Agreement). The report is organized in accordance to the Standard Format for Information on Regional Trade Agreement (WT/REG/W/6). It complements the previous biennial reports on the implementation of the Agreement, as distributed on 14 March 2000 and 14 May 2002 (WT/REG89/R/B/1 and WT/REG89/R/B/2, respectively).

Main developments

During the period under review, the Parties to the Agreement agreed to terminate all existing safeguard measures and not to introduce any new ones. Furthermore, they negotiated an agreement amending Article 38 of the Agreement in order to allow a termination of the Agreement as of accession of any Party to the European Union. Based on this provision, the Agreement ceased to exist as of 1 May 2004 when both Parties became the Member States of the EU.

I. BACKGROUND INFORMATION ON THE AGREEMENT

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

The Agreement was signed on 29 October 1992 and was implemented since 1 January 1993. The Agreement entered into force on 3 May 1993 after ratification in both countries. As of 1 May 2004 it was superseded by the accession of the Czech and Slovak Republic to the EU.

The Agreement was concluded in accordance with the provisions of Article XXIV of the GATT and constituted a part of a far broader spectrum of agreements and arrangements ensuring a smooth split of the former Czech and Slovak Federal Republic.

The Agreement was notified to the GATT¹ and examined in 1994 when the respective Working Party concluded that the Agreement was consistent with the provisions of Article XXIV of the GATT².

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

² L/7501, dated 15 July 1994

4. Trade data

Trade data are given in Annex 2.

II. TRADE PROVISIONS

1. Import Restrictions &

2. Export Restrictions

Since the day of entry into force of the Agreement the Parties applied zero customs duties and eliminated quantitative restrictions or other measures having equivalent effect in their mutual trade. The Agreement did not envisage any transitional period, which is normally necessary for the elimination of trade barriers, as no duties and other restrictive regulations of commerce existed between the Parties within the former Federation. Moreover, the Agreement prohibited their future introduction with the exception of certain particular circumstances. In 2002, as a temporary emergency safeguard measures, the Slovak Republic applied quantitative restrictions on imports originating in the Czech Republic: non-alcoholic beverages – 630.000 hl, sugar – 3.500 tons, rape oil – 3.188 tons and homogenized preparations (canned meat) – 1.013 tons and the Czech Republic restricted imports of sugar – 3.500 tons and isoglucose – 5.000 tons originating in the Slovak Republic.

At the 21st regular session of the Council of the Customs Union held on 13 December 2002, the Parties agreed to terminate by 31 December 2002 all existing safeguard measures imposed in the mutual trade pursuant Article 22 of the Agreement. Furthermore, the Parties have agreed not to introduce any new safeguard measures as of 1 January 2003.

3. Rules of Origin

The rules of origin introduced in 1993, as modified in 1997, were further modified in December 2001 by the Agreement between the Government of the Czech Republic and the Government of the Slovak Republic regarding the rules of origin of goods and methods of administrative co-operation. This Agreement entered into force on 1 January 2002 with a view to changes in pan-European cumulation of origin of goods.

III. GENERAL PROVISIONS

At its two regular sessions in 2002, the Council of the Customs Union discussed in particular development of mutual trade, including issues of trade in agricultural and foodstuff products, coordination of trade policy with respect to third countries and coordination of accession procedures of the Czech and Slovak Republic to the EU in the framework of accession negotiations of both countries to the European Union.

The Agreement was also among legal instruments, which the Parties agreed to abolish by the date of their accession to the EU. To that purpose, the Prime Ministers of Czech Republic and Slovak Republic signed on 30 November 2002 the Agreement between the Czech Republic and Slovak Republic regarding the amendment of Article 38 of the Agreement, which entered into force on 29 January 2004. Based on provision of the modified Article 38, the Agreement ceased to exist as of 1 May 2004.

More than eleven years of a successful functioning of the Agreement witnessed above-standard relationship between both Parties. It helped to stabilize their economies in the difficult period of transformation from centrally planned economies to the market-oriented ones, consolidation of results of this transformation and was a useful instrument in the network of trade relations among European countries, which resulted into the conclusion of accession agreements of the Parties to the EU.

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 Ministry of Industry and Trade of the Czech Republic and the Ministry of Construction and Regional Development of the Slovak Republic on the manners and conditions for utilisation of documents relating to conformity assessment of construction products and recognition of test results of construction products covered by the trade between the business entities of the Czech Republic and the Slovak Republic	Conformity assessment of construction products	Signed on 6.9.2002 In force since 1.12.2002
Agreement between the Government of the Czech Republic and the Government of the Slovak Republic on mutual recognition of results of laboratory test for agricultural and foodstuff products	Recognition of results of laboratory test for agricultural and foodstuff products	Signed on 13.12.2002 In force since 1.1.2003
Agreement between the Czech Republic and Slovak Republic regarding the amendment of Article 38 of the Agreement establishing the Customs Union between the Czech Republic and the Slovak Republic	Amendment of Article 38 deals with the notice period of the Agreement establishing the Customs Union	Signed on 30.11.2002 In force since 29.1.2003
Agreement on cooperation between the Ministry of Industry and Trade of the Czech Republic and the Ministry of Economy of the Slovak Republic	Economic co-operation between the Czech Republic and the Slovak Republic after the accession of both countries to the EU	Signed on 16.4.2004 In force since 1.5.2004
Political memorandum of governments of the Czech and Slovak Republics in relation to both countries acceding to the European Union	Declaration of co-operation of both countries after acceding to the EU	Signed on 20.5.2004 In force since 20.5.2004

ANNEX 2**Trade Data****Trade of Czech Republic and Slovak Republic, 2001 - 2004**

(Million of US dollars)

Year	Customs Union Trade		Imports from third countries	
	Czech Rep. Imports from Slovak Rep.	Slovak Rep. Imports from Czech Rep.	Czech Rep. (without Slovak Rep.)	Slovak Rep.(without Czech Rep.)
2001	1 960,3	2 225,8	34 476,3	12 536,7
2002	2 117,7	2 518,3	38 618,3	14 110,4
2003	2 590,8	3 235,6	48 665,2	19 369,9
1-4/2004	949,6	1 203,5	19 416,3	7 422,3

Share of Bilateral Trade in Total Foreign Trade

Year	Czech Republic	Slovak Republic
2001	6,6%	15,8%
2002	6,4%	15,2%
2003	6,5%	13,6%
1-4/2004	6,8%	12,9%

Imports of the Slovak Republic from the Czech Republic by HS Chapters

(Thousands of US dollars)

HS chapter	2001	2002	2003	1-4/2004
01	10 062	12 561	12 102	6 308
02	17 789	26 580	24 781	7 248
03	2 353	3 431	4 274	909
04	20 989	23 766	28 402	10 896
05	211	357	211	
06	1 163	1 414	1 940	
07	2 684	2 432	2 956	1 322
08	2 499	1 648	1 817	562
09	5 024	4 242	4 509	1 185
10	15 722	2 475	10 157	2 871
11	8 397	5 708	6 326	2 027
12	6 957	8 250	7 940	3 421
13	456	441	654	324
14	16	19	17	8
15	29 509	19 486	21 562	8 966
16	11 714	11 423	11 801	4 317

HS chapter	2001	2002	2003	1-4/2004
17	7 318	9 344	11 397	6 628
18	17 644	21 952	22 541	8 121
19	25 903	28 739	33 821	12 096
20	10 512	11 482	12 425	4 812
21	19 035	27 029	30 119	11 555
22	33 466	42 589	50 500	14 958
23	9 077	10 644	11 570	3 549
24	51 347	58 664	67 159	24 863
25	15 290	18 537	24 700	8 827
26	952	1 360	2 041	468
27	163 971	205 985	322 217	130 982
28	22 055	18 771	21 856	9 159
29	59 162	46 761	40 542	19 042
30	45 414	52 498	74 066	26 856
31	1 509	1 258	2 222	1 079
32	15 781	16 999	19 666	6 272
33	10 414	13 068	14 301	5 100
34	16 119	20 585	25 731	10 827
35	1 053	1 128	1 732	601
36	1 564	1 481	2 174	813
37	703	749	739	221
38	14 912	19 391	25 624	8 291
39	88 611	107 264	157 259	59 919
40	33 921	33 803	61 044	21 610
41	5 961	5 624	9 033	3 820
42	3 012	3 484	2 591	604
43	961	970	1 002	186
44	30 080	39 201	44 375	16 386
45	62	71	124	22
46	116	118	103	41
47	13 294	16 645	19 912	9 368
48	66 303	78 301	98 493	36 347
49	27 381	30 539	37 148	13 045
50	3	3	10	2
51	2 474	2 150	2 920	1 597
52	18 947	20 927	18 386	6 771
53	1 154	1 242	1 978	785
54	4 028	3 742	4 479	2 165
55	11 587	11 404	14 214	5 114
56	5 947	5 924	6 331	1 779
57	754	821	2 448	4 858
58	4 052	4 372	5 806	2 226
59	17 773	19 393	22 522	10 045
60	4 096	4 192	4 524	1 335
61	13 657	13 497	13 136	5 244
62	10 766	10 972	12 507	5 260
63	8 820	14 017	17 604	4 129
64	8 821	6 473	11 301	4 433

HS chapter	2001	2002	2003	1-4/2004
65	936	1 116	1 162	289
66	282	342	559	362
67	34	62	92	50
68	23 927	25 110	30 164	8 724
69	23 136	28 644	34 440	10 950
70	31 342	37 419	43 637	13 427
71	5 926	6 044	6 183	3 592
72	122 769	127 863	172 214	72 793
73	124 863	129 394	162 999	63 575
74	12 813	10 877	12 933	6 161
75	130	72	202	12
76	21 146	27 246	37 282	13 371
78	705	545	588	245
79	836	950	1 177	439
80	176	209	436	136
81	381	484	842	456
82	13 545	16 353	20 609	8 726
83	12 023	20 714	29 665	9 823
84	197 645	239 132	319 038	108 443
85	129 176	156 730	188 828	60 678
86	38 010	25 855	35 956	13 377
87	322 943	375 507	484 518	180 477
88	1 564	2 442	3 346	184
89	60	74	152	22
90	21 098	29 280	34 125	10 475
91	352	264	255	89
92	231	395	542	76
93	3 528	2 963	3 471	639
94	43 075	50 998	71 160	28 070
95	4 952	5 279	6 129	2 146
96	6 864	7 376	7 033	2 258
97	44	211	76	23

Imports of the Czech Republic from the Slovak Republic by HS Chapters
(Thousands of US dollars)

HS chapter	2001	2002	2003	1-4/2004
01	1 381	3 992	4 463	1 496
02	7 781	7 956	7 549	4 646
03	426	596	929	281
04	22 073	35 470	52 152	17 665
05	779	693	374	193
06	1 658	1 632	2 024	1 887
07	12 907	12 833	13 672	1 436
08	4 743	3 775	6 723	378
09	154	421	433	137
10	2 631	9 801	9 849	6 639

HS chapter	2001	2002	2003	1-4/2004
11	3 214	3 945	4 525	2 280
12	5 403	7 556	7 403	1 639
13	112	209	204	42
14	9	18	58	4
15	13 678	17 133	21 956	9 232
16	148	310	519	274
17	11 519	14 330	12 534	5 674
18	14 237	17 169	18 628	8 052
19	20 375	26 085	29 477	11 879
20	3 547	4 518	7 073	2 562
21	16 664	15 086	17 560	6 779
22	17 049	20 501	31 564	10 229
23	1 624	2 695	2 590	522
24	12 090	12 149	22 963	11 109
25	44 967	57 647	66 825	17 736
26	3 399	3 798	3 457	1 516
27	367 016	355 473	458 364	121 270
28	16 352	18 736	23 066	9 371
29	34 247	27 312	22 377	8 585
30	56 958	65 769	77 555	29 743
31	23 238	20 293	24 241	8 943
32	3 472	4 883	5 271	1 537
33	6 119	7 573	8 879	3 078
34	19 417	22 181	22 541	4 816
35	2 163	2 040	2 330	957
36	1 314	1 681	1 888	859
37	270	409	415	131
38	9 919	12 002	15 072	5 691
39	106 895	113 086	133 880	50 108
40	47 522	58 351	72 184	24 200
41	5 384	4 092	4 316	2 426
42	1 543	1 527	2 000	529
43	290	233	443	76
44	39 044	47 152	49 429	21 344
45	7	87	101	4
46	32	55	121	43
47	3 510	4 346	5 197	1 568
48	69 426	78 704	86 971	31 394
49	22 318	28 892	33 166	12 995
50	0	0	0	13
51	1 684	872	604	173
52	3 286	5 019	4 745	1 636
53	323	373	456	267
54	44 169	43 482	52 428	20 405
55	3 415	4 117	4 341	1 636
56	767	684	793	366
57	314	524	669	314
58	207	319	540	242

HS chapter	2001	2002	2003	1-4/2004
59	568	775	1 264	451
60	604	1 054	1 479	703
61	10 730	11 473	13 049	5 481
62	25 148	34 446	40 178	13 081
63	1 936	2 860	3 038	1 824
64	13 421	16 340	14 102	4 548
65	129	181	286	50
66	117	225	248	141
67	58	225	149	4
68	16 632	18 402	20 158	6 228
69	18 919	19 227	21 361	8 025
70	20 650	26 774	27 432	11 699
71	3 920	5 402	5 543	3 052
72	259 036	240 336	337 195	148 901
73	70 562	82 929	92 961	40 390
74	12 258	12 794	9 922	4 598
75	43	18	37	24
76	33 365	40 420	32 462	15 572
78	493	83	849	486
79	476	445	768	795
80	25	51	77	37
81	44	52	48	8
82	1 686	2 224	4 839	1 790
83	7 091	6 874	8 747	3 575
84	108 314	129 838	149 202	52 809
85	98 897	94 896	137 312	55 593
86	10 168	18 547	15 013	7 443
87	93 329	87 534	126 928	50 819
88	131	140	529	43
89	16	30	102	13
90	8 870	11 420	16 265	5 363
91	294	311	265	57
92	21	7	14	10
93	662	1 334	4 672	650
94	25 015	30 916	38 854	14 497
95	2 996	4 358	4 101	1 431
96	486	838	1 022	329
97	75	3 320	256	49