

WORLD TRADE ORGANIZATION

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EFTA-TURKEY FREE TRADE AREA

Biennial Report on the Operation of the Agreement

Communication from the Parties

The Agreement between the States of the European Free Trade Association (EFTA) and Turkey was examined in accordance with Article XXIV of GATT. In accordance with the recommendations 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 Secretariat³, the Parties to the Agreement establishing the Free Trade Area between the EFTA States and Turkey 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/REG86/R/B/1; G/L/349.

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 16 November 2000, and has adopted five Joint Committee Decisions (amendments to Protocol B, Annexes I and II and introduction of a Protocol on Mutual Administrative Assistance in Customs Matters). 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 establishing a Free Trade Area between the EFTA States and Turkey was signed on 10 December 1991.⁴ The Agreement has been in force since April 1992 (September 1992 for Iceland). Austria, Finland and Sweden ceased to be Parties to the FTA, following their withdrawal from the Stockholm Convention and subsequent accession to the European Union on 1 January 1995.

4. Trade Data

According to the EFTA Secretariat's statistical sources, trade between the EFTA States and Turkey contracted by 8.4 per cent in the period from 1997 to 2000. EFTA imports from Turkey increased by 3.1 per cent and EFTA exports to Turkey decreased by 11.9 per cent during the same period. However, total trade increased by 12.9 per cent from 1999 to 2000.

¹ G/L/286.

² WT/REG/4.

³ WT/REG/W/42.

⁴ The Agreement can be consulted on the EFTA web page: <http://www.efta.int/library/legal/fta/turkey/>.

The trade balance between the two was in favour of the EFTA States in the period 1997 to 2000. In 2000, EFTA exports to Turkey amounted to 1,017 million US dollars while imports from Turkey amounted to 361 million US dollars.

Among the EFTA States, Switzerland was Turkey's largest trading partner in 2000, accounting for 77.8 per cent of the trade, followed by Norway with 21.6 per cent and Iceland with 0.6 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, Turkey's share of EFTA's total trade with the world has decreased from 0.63 per cent to 0.54 per cent. With regard to other free trade partners, the share of Turkey's trade with the EFTA States' total preferential trade (including trade with the EU) decreased from 0.9 per cent in 1997 to 0.75 per cent in 2000.

Detailed trade data can be found in Annex II.

II. TRADE PROVISIONS

1. Import Restrictions

2. Export Restrictions

The Parties have eliminated the remaining duties on freshwater fish (Annex II to Agreement) and reduced the list of products exempted from coverage of the Agreement (Annex I to Agreement) (see Annex I).

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). In 2000, the Parties adopted a Decision on the introduction of a Protocol on Mutual Administrative Assistance in Customs Matters. The Protocol introduces an enhanced co-operation between customs administrations aiming at contributing towards the effective fight against customs fraud (see Annex I).

III. GENERAL PROVISIONS OF THE AGREEMENT

5. Institutional Framework

A Joint EFTA-Turkey 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 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 fifth Joint Committee took place on 16 November 2000 in Geneva.

ANNEX 1Amendments to the EFTA-Turkey FTA since 1999

Articles/ Annexes	Description	Amendments/ Deletions	Remarks	Entry into Force
Protocol B	Rules of Origin	Amended JCD of 28.09.99	Technical amendments	Entered into force 01.01.2000
Annex I	Products not covered by the Agreement	Amended JCD of 16.11.2000	List of products exempted from coverage was shortened.	Entry into force is pending national acceptances
Annex II	Fish and other marine products	Amended JCD of 16.11.2000	The last remaining exceptions for freshwater fish were eliminated.	Entry into force is pending national acceptances
Protocol B	Rules of Origin	Amended JCD of 16.11.2000	Technical amendments	Entry into force is pending national acceptances
Protocol D	Mutual Admin. Assistance in Customs Matters	Amended JCD of 16.11.2000	Introduction of a new Protocol on enhanced co-operation among customs administrations.	Entry into force is pending national acceptances

ANNEX II

Detailed Trade Data

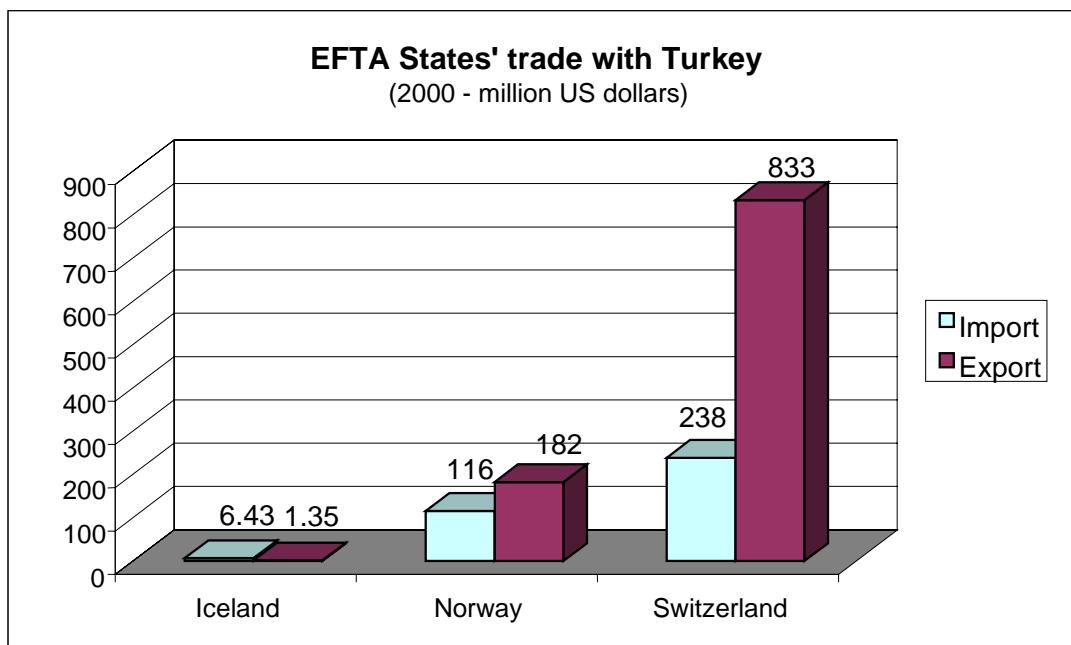
Statistical information on:

- EFTA States' trade with Turkey 1997-2000
- EFTA States' trade with Turkey by selected commodities (HS) 1997-2000
- Development of EFTA States' trade with Turkey 1993-2000
- EFTA States' trade with the world 1997-2000
- EFTA States' trade with the world by selected commodities (HS) 1997-2000

EFTA STATES' TRADE WITH TURKEY

	1997	1998	1999	2000	1997/98	1998/99	99/2000
In thousand US dollars							
Percentage Change							
IMPORTS							
Iceland	2,838	4,110	4,423	6,428	44.8	7.6	45.3
Norway	126,920	131,897	121,078	115,764	3.9	-8.2	-4.4
Switzerland	220,119	229,257	247,246	238,446	4.2	7.8	-3.6
EFTA	349,877	365,264	372,747	360,638	4.4	2.0	-3.2
Share in EFTA's tot. imports	0.31%	0.30%	0.32%	0.31%			
EXPORTS							
Iceland	1,384	554	906	1,348	-60.0	63.5	48.8
Norway	170,660	130,866	144,291	181,970	-23.3	10.3	26.1
Switzerland	982,034	908,180	701,869	833,309	-7.5	-22.7	18.7
EFTA	1,154,078	1,039,600	847,066	1,016,627	-9.9	-18.5	20.0
Share in EFTA's tot. exports	0.91%	0.86%	0.67%	0.73%			
IMPORTS + EXPORTS							
Iceland	4,222	4,664	5,329	7,776	10.5	14.3	45.9
Norway	297,580	262,763	265,369	297,734	-11.7	1.0	12.2
Switzerland	1,202,153	1,137,437	949,115	1,071,755	-5.4	-16.6	12.9
EFTA	1,503,955	1,404,864	1,219,813	1,377,265	-6.6	-13.2	12.9
Share in EFTA's total trade	0.63%	0.58%	0.50%	0.54%			

No percentage calculated



Source: World Trade Atlas

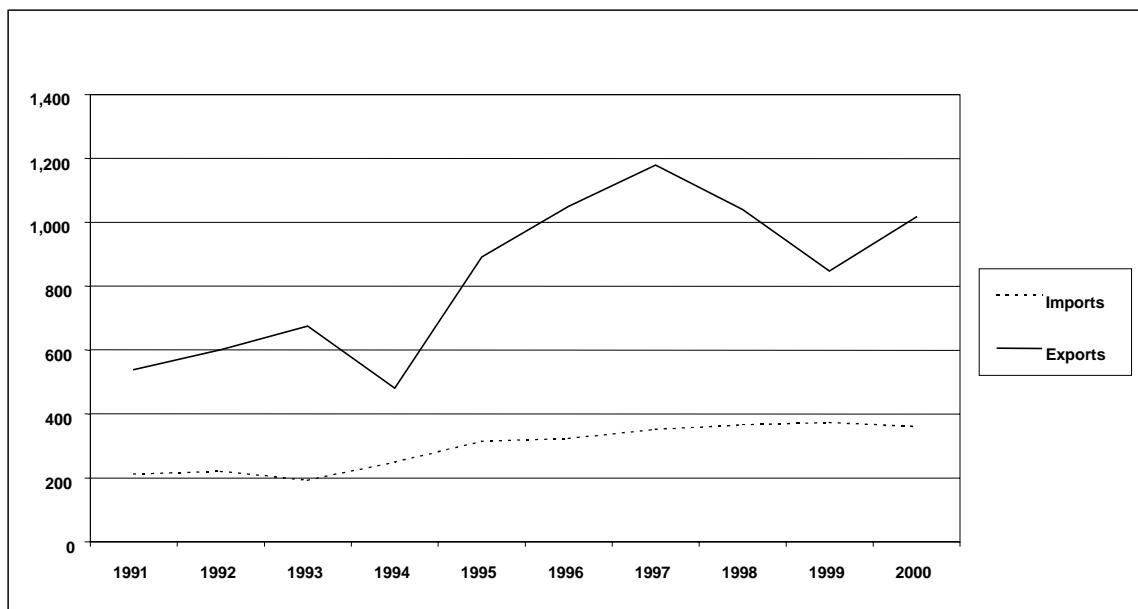
EFTA STATES' TRADE WITH TURKEY BY SELECTED COMMODITIES (HS)

	1998	1999	2000	1998	1999	2000
IMPORTS	In thousand US dollars			In per cent		
Iceland						
Total imports from Turkey	4,110	4,423	6,428	100.0	100.0	100.0
<i>In per cent of imports from world</i>	<i>0.18%</i>	<i>0.19%</i>	<i>0.27%</i>			
HS 85 Electrical machinery	1,403	1,223	1,369	34.1	27.7	21.3
HS 61 Knitted apparel or clothing accessories	885	1,028	1,278	21.5	23.2	19.9
HS 62 Woven apparel or clothing accessories	770	785	1,183	18.7	17.7	18.4
Norway						
Total imports from Turkey	131,897	121,078	115,764	100.0	100.0	100.0
<i>In per cent of imports from world</i>	<i>0.35%</i>	<i>0.36%</i>	<i>0.37%</i>			
HS 61 Knitted apparel or clothing accessories	33,732	30,218	31,490	25.6	25.0	27.2
HS 62 Woven apparel or clothing accessories	20,583	22,185	22,779	15.6	18.3	19.7
HS 99 Salvage, reparations	20,038	14,641	17,370	15.2	12.1	15.0
HS 63 Miscellaneous textile articles	6,141	8,630	7,090	4.7	7.1	6.1
HS 85 Electrical machinery	11,385	10,056	6,982	8.6	8.3	6.0
HS 98 Fruit and nuts	6,767	5,965	5,082	5.1	4.9	4.4
HS 20 Preparations of vegetables, fruit	5,488	5,803	4,256	4.2	4.8	3.7
HS 84 Machinery, mechanical appliances	2,617	4,138	3,022	2.0	3.4	2.6
Switzerland						
Total imports from Turkey	229,257	247,246	238,446	100.0	100.0	100.0
<i>In per cent of imports from world</i>	<i>0.29%</i>	<i>0.31%</i>	<i>0.29%</i>			
HS 08 Fruit and nuts	57,050	49,041	43,315	24.9	19.8	18.2
HS 61 Knitted apparel or clothing accessories	44,412	39,549	40,259	19.4	16.0	16.9
HS 62 Woven apparel or clothing accessories	29,872	29,236	24,668	13.0	11.8	10.3
HS 24 Tobacco	12,846	13,671	18,116	5.6	5.5	7.6
HS 87 Vehicles (not railway)	4,132	18,004	17,630	1.8	7.3	7.4
HS 30 Pharmaceutical products	7,884	11,172	14,526	3.4	4.5	6.1
HS 63 Miscellaneous textile articles	8,452	11,494	13,498	3.7	4.6	5.7
HS 85 Electrical machinery	7,204	8,882	9,147	3.1	3.6	3.8
HS 20 Preparations of vegetables, fruit	4,445	8,316	6,588	1.9	3.4	2.8
HS 40 Rubber	4,361	4,404	5,367	1.9	1.8	2.3
EXPORTS	In thousand US dollars			In per cent		
Iceland						
Total exports to Turkey	554	906	1,348	100.0	100.0	100.0
<i>In per cent of exports to world:</i>	<i>0.03%</i>	<i>0.05%</i>	<i>0.07%</i>			
HS 38 Misc. chemical products	0	0	308	0.0	0.0	22.8
HS 72 Iron and steel	0	0	249	0.0	0.0	18.5
HS 68 Stone, plaster, cement	231	204	245	41.7	22.5	18.2
Norway						
Total exports to Turkey	130,866	144,291	181,970	100.0	100.0	100.0
<i>In per cent of exports to world:</i>	<i>0.32%</i>	<i>0.32%</i>	<i>0.32%</i>			
HS 27 Mineral fuels, oil	34,541	39,550	96,522	26.4	27.4	53.0
HS 99 Salvage, reparations	12,844	12,622	19,549	9.8	8.7	10.7
HS 76 Aluminium and articles thereof	28,378	36,862	14,120	21.7	25.5	7.8
HS 03 Fish, crustaceans	4,828	9,286	12,630	3.7	6.4	6.9
HS 84 Machinery, mechanical appliances	10,136	6,442	9,952	7.7	4.5	5.5
HS 48 Paper, paperboard	5,718	4,612	4,676	4.4	3.2	2.6
HS 85 Electrical machinery	4,078	8,070	3,529	3.1	5.6	1.9
HS 41 Hides and skins	2,964	1,240	3,125	2.3	0.9	1.7

	1998	1999	2000	1998	1999	2000
Switzerland						
Total exports to Turkey	908,180	701,869	833,309	100.0	100.0	100.0
<i>In per cent of exports to world:</i>	<i>1.15%</i>	<i>0.87%</i>	<i>1.04%</i>			
HS 84 Machinery, mechanical appliances	297,785	151,940	211,671	32.8	21.6	25.4
HS 30 Pharmaceutical products	108,149	142,030	146,805	11.9	20.2	17.6
HS 29 Organic chemicals	112,012	107,504	114,860	12.3	15.3	13.8
HS 85 Electrical machinery	54,499	34,422	56,487	4.0	4.9	6.8
HS 32 Tanning, dye, paints, putty, inks	57,005	38,849	43,325	6.3	5.5	5.2
HS 91 Clocks and watches	34,738	25,289	34,568	3.8	3.6	4.1
HS 90 Optical, medical, surgical instruments	36,724	28,310	30,323	4.0	4.0	3.6
HS 54 Manmade filaments	20,362	19,299	25,211	2.2	2.7	3.0
HS 33 Perfumery, cosmetics	19,870	19,670	20,279	2.2	2.8	2.4
HS 39 Plastic articles	18,957	19,977	19,384	2.1	2.8	2.3

Source: World Trade Atlas

EFTA STATES' TRADE WITH TURKEY 1991-2000
(in million US dollars)

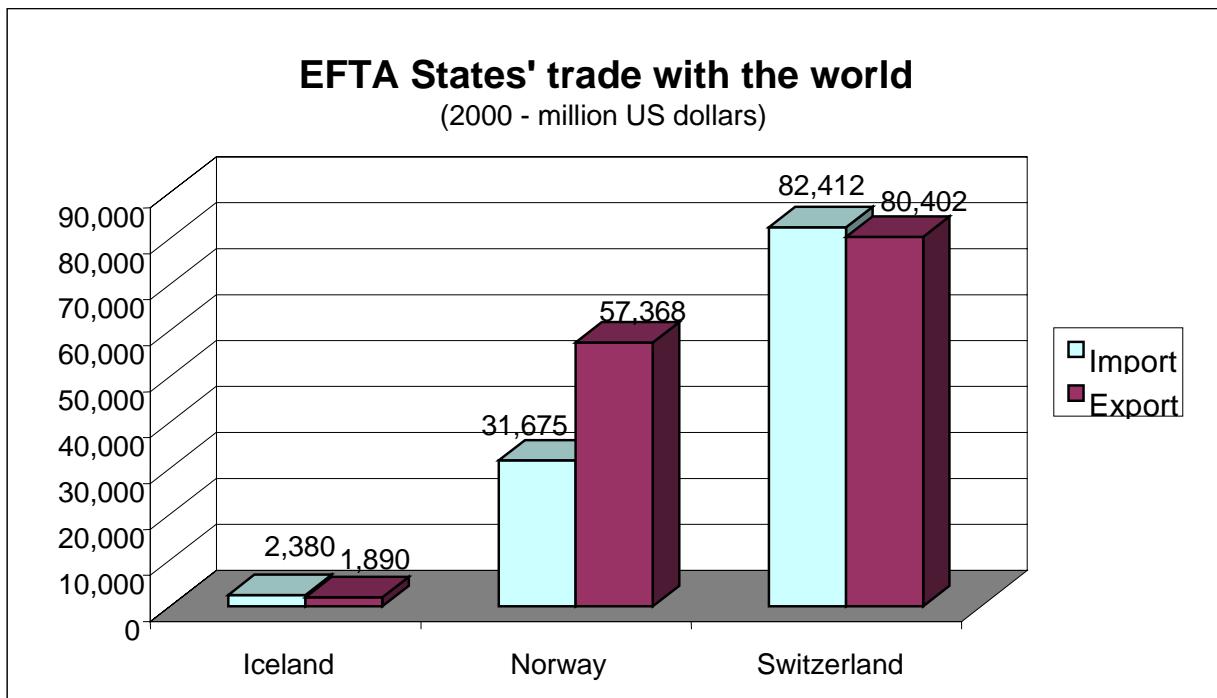


Source: World Trade Atlas

EFTA STATES' TRADE WITH THE WORLD

	1997	1998	1999	2000	1997/98	1998/99	99/2000
In thousand US dollars							
IMPORTS							
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.	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	78,021,445	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.	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	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 world</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>			
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 world</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>			
HS 84 Machinery, mechanical applicances	6,328,865	5,644,825	4,805,487	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 structure	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 world</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>			
HS 84 Machinery, mechanical applicances	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 Pharmaceuticals	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 world:</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>			
HS 03 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 world:</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>			
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 and 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
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

	1998	1999	2000	1998	1999	2000
Switzerland						
Total exports to the world	78,842,006	80,295,179	80,402,743	100.0	100.0	100.0
<i>In per cent of exports to 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
