

WORLD TRADE

ORGANIZATION

RESTRICTED

WT/REG12/M/1

WT/REG16/M/1

WT/REG20/M/1

18 March 1997

(97-1091)

Committee on Regional Trade Agreements

EXAMINATIONS OF THE EFTA-BULGARIA FREE TRADE AGREEMENT, THE EFTA-ROMANIA FREE TRADE AGREEMENT AND THE EFTA-SLOVENIA FREE TRADE AGREEMENT

Note on the Meeting of 6 November 1996¹

Chairman: H.E. Mr. Miguel J. Berthet (Uruguay)

1. The Committee on Regional Trade Agreements took up items B.VI, B.VII, and B.VIII of the Agenda for its Seventh Session, which included the following:
2. The meeting took up the following items:
 - A. General Introductory Remarks
 - B. Examination of the EFTA-Bulgaria Free Trade Agreement
 - C. Examination of the EFTA-Romania Free Trade Agreement
 - D. Examination of the EFTA-Slovenia Free Trade Agreement

A. General Introductory Remarks

3. The representative of Norway, speaking on behalf of the EFTA States, said that his comments were applicable to all three Agreements under examination. The EFTA-Romania Free Trade Agreement had been concluded in 1992, the EFTA-Bulgaria Free Trade Agreement in 1993 and the EFTA-Slovenia Free Trade Agreement in 1995. The Parties had notified the Agreements in accordance with GATT Article XXIV. However, the examinations of these Agreements had never been initiated in the relevant Working Parties established for them. Nevertheless, the Parties had provided written answers to all questions put forward relating to the Agreements. No questions had been put forward on the EFTA-Slovenia Agreement. In 1994, there had also been an attempt by the Parties to these free trade agreements (FTAs) to accelerate the working party process, but the transition phase from the GATT to the WTO had not permitted the continuation of the examination process. He mentioned this to indicate the Parties' interest in bringing the examinations to a conclusion, with the greatest possible transparency, in line with the key aims of the WTO system. With that transparency in mind, the Parties had also supplied the Committee with new, consolidated information on the Agreements under review. The information corresponded, to a large extent, with that foreseen under the newly-introduced Standard

¹The meeting was convened in WTO/AIR/470.

Format. That kind of horizontal information afforded delegations a better and more comprehensive perspective on the Agreements and their effects. The Agreements were all based on the same structure and had similar substantive provisions and commitments, but each Agreement should be examined on its own merits. The Parties were of the view that all of the Agreements were in compliance with the requirements and provisions of GATT Article XXIV, and that they were implemented in a WTO-consistent manner. The Agreements thus complemented and added to the liberalization achieved within the GATT system, and, in particular, as a result of the Uruguay Round. The Parties to the Agreements were fully committed to the letter and spirit and the strengthening of the multilateral trading system.

B. Examination of the EFTA-Bulgaria Free Trade Agreement

C. Examination of the EFTA-Romania Free Trade Agreement

D. Examination of the EFTA-Slovenia Free Trade Agreement

4. The Chairman said he would first open the floor for remaining questions that delegations might have with respect to document WT/REG12/2, which contained updated information on the EFTA-Bulgaria Free Trade Agreement. Then the Committee should treat questions in the same order as that followed by sections of the Agreement.

5. The representative of Bulgaria said he supported the approach, main ideas and remarks expressed by the EFTA representative in his introductory statement. His delegation shared the vision and general outlook as to the Agreement's importance, its impact on the development of Bulgaria's trade with the EFTA countries, and its potentially significant role in the overall process of the integration of Bulgaria into the European Economic Area. The EFTA-Bulgaria Agreement was an important factor in the development of trade between the Parties; it did not raise obstacles or prejudices to third countries, and it was in compliance with the requirements and provisions of GATT Article XXIV and other WTO rules.

6. The representative of the United States indicated that his instructions were of a general nature, embracing all of the Agreements under examination that day, since issues seemed to span the three. In the past, his delegation had said many times that it supported trade integration in Europe and continued to support all agreements which were concluded in conformity with WTO rules. Indeed, the day's examination was geared toward ascertaining the degree to which the Agreements under review met that standard. His delegation had concerns not only with the WTO conformity of several specific provisions of the Agreements, but also with effects of the larger web or network of European Agreements. The Agreements were with countries for which agriculture would be an area of comparative advantage, and for which agricultural products could certainly contribute significantly to economic growth. His delegation was therefore concerned about agriculture having been largely excluded from many of the agreements, in spite of calls that WTO Members should observe Article XXIV. In addition to assessing the conformity of each agreement with WTO obligations, the review process also contributed to the transparency of the multilateral trading system as a whole by increasing understanding of the intent, content and operation of each agreement. His delegation commended the work of the Parties to the Agreements under review that day, noting that their provision of information and use of the Standard Format set an excellent standard. He had a few specific questions. Regarding statistics, one issue was that information and data seemed to be provided only from the EFTA point of view. For example, the data treated EFTA imports and exports and shares of total EFTA trade, but did not include corresponding figures from the perspectives of Bulgaria, Romania and Slovenia. This problem was common to other EFTA free trade agreements as well. While EFTA trade with the Central and

Eastern European Countries (CEEC) had grown significantly over the last three years, it still formed only a small part of total EFTA trade. His delegation would like to know how important the trade was to the CEEC countries and what the EFTA share of trade was, including by sector, in the CEEC countries. The EFTA markets were established, so the United States delegation knew how it fared in them, but the CEEC markets were relatively new and expanding, giving rise to the concern that the preferential aspects of their trade could affect third parties. His delegation would appreciate information from that perspective, not only for the Agreements now under review, but also for the EFTA Agreements reviewed by the Committee in September.

7. The representative of Norway, speaking on behalf of the EFTA States, said he welcomed the United States' support of European integration. In response to concerns mentioned over the web of agreements in Europe, he noted that this type of web was seen not only in Europe - it was a global phenomenon. His delegation recognized the WTO as being the centre of that web. Conformity with WTO rules was not a fact to be assumed. The EFTA States had demonstrated their willingness to provide all relevant information on how the web operated. It was not unexpected that the United States had raised the question of agriculture, a topic he wished to address later in the day. The examination as an exercise involved not only conformity but also transparency, and he appreciated the compliment from the United States delegate to the effect that the EFTA and its partners had set an excellent standard of providing information in the name of transparency. As for the specific question on statistics, it was understandable that there would be interest in seeing information from another perspective. His delegation had provided the relevant information under GATT Article XXIV. EFTA imports were conversely exports from Bulgaria, Romania and Slovenia, and the reverse was true for EFTA exports, which were imports for those Parties. While the Parties might provide more information, it was the view of his delegation that substantially all trade between the Parties was covered, and Article XXIV was thus satisfied. This was evident from the information the parties had provided.

8. The representative of the United States took up the issue of agriculture, noting that the EFTA-Bulgaria Agreement had a clause saying that the Agreement was designed to facilitate trade in agricultural products. He asked what was meant by the clause, and whether there were common rules and disciplines in the Agreements which applied to all trade in agricultural products. Would the trade liberalization of the Agreements extend to cover the agricultural products that were currently excluded from the FTAs, and, if so, did the Parties have a time schedule or a general process in mind? His delegation wished to know the rationale for some items being permanently excluded. Members held differing views on what "substantially all the trade" was. It was the view of his delegation that meeting that obligation required an agreement to be more comprehensive than were the EFTA-Bulgaria and other Agreements. On behalf of the delegate from Japan, who was not able to attend the day's meeting, he expressed that country's concern that if agriculture were excluded in a free trade agreement, it seemed that substantially all trade would not be covered. Because the issue arose so consistently in Committee reviews, the question of how agriculture factored into "substantially all the trade" seemed to be a systemic problem.

9. Regarding the first point on facilitating trade in agricultural products, the representative of Norway, speaking on behalf of the EFTA States, said that agricultural products were partially covered, as far as processed agricultural products and fish were concerned. The facilitation of trade language was not a mystery, as it also appeared in Article XXIV. While the precise meaning of "substantially all the trade" was not defined, the EFTA delegation would contend that what was clear was that it entailed *less than all* trade. The Article was originally drafted with the knowledge that FTAs might be established in Europe. It was envisaged that an individual member of an FTA should have a certain latitude with respect to some products, and that latitude was understood to be permitted by the phrase "substantially all the trade." Some parties to FTAs might wish to avail themselves of that latitude, with respect to various products. As far as coverage went in the Agreements under examination,

agricultural products were covered only partially by the FTAs, and bilateral agricultural arrangements concluded between the individual FTA partners covered some but not all trade in that sector. That was a fact that did not detract from consistency with Article XXIV, in his delegation's view. This type of agreement should not be approached on a sector-by-sector basis. It was important to note that the phrase used in Article XXIV:8(b) was "substantially all the trade" and not "trade in substantially all products." The obligation was thus not to define trade by sector or by products, but trade as a whole. Agricultural trade had to be seen as a part of, and a contribution to, the total coverage.

10. The representative of Norway continued, saying he wished to provide some background to the EFTA free trade agreements. The EFTA States had concluded separate bilateral arrangements in the agricultural sector and had not included the concessions within the framework of the FTAs proper; this was because there was no common agricultural policy, or free trade in agricultural products, among the EFTA States themselves. However, liberalization of trade in those products was significant, taking into account both actual and potential trade interests of the partners. Together with the FTAs proper, the bilateral agricultural arrangements embodied substantially all the trade between the EFTA States and their partners. A similar practice was applied among the individual EFTA States, and also between the EFTA States and the European Communities. One of the main reasons why the formation of FTAs was permitted by GATT 1994 was that they encouraged growth and liberalization of world trade, and it was in that spirit that the Parties to the FTAs under examination had concluded the Agreements. The Agreements were meant to be complementary to multilateral trade liberalization and the principles of the WTO, to which the Parties were fully committed. The data demonstrated that a significant part of agricultural imports into the EFTA States from their FTA partners was covered by the FTAs and the bilateral arrangements. Regarding the expansion of coverage of agricultural products, such expansion was not excluded, in that there was an evolutionary clause in the Agreements, but there was no timetable. A review mechanism was provided for in the bilateral arrangements and in Protocol A to the Agreements. With reference to the question posed on behalf of Japan regarding the systemic concern, his delegation was not of the view that such a systemic problem existed. If there were such a systemic concern, the proper time to discuss it was when systemic issues appeared on the Committee's agenda.

11. The representative of the United States said it was interesting that agriculture was not excluded but that there was no timetable. He likened the situation to "the road of good intentions" and said it would be more satisfactory to have a timetable. A timetable would benefit both the signatories and third parties. He had a slightly different approach to "substantially all the trade," which brought up a specific question regarding the EFTA-Bulgaria Agreement. So far as his delegation was able to ascertain, services and investment were not included in the Agreements. What was the reason for their not being included, and were there plans to cover those areas in the future? On a broader level, his delegation was interested in obtaining information on the percentage of each Party's total trade covered by preferences, beyond just the Agreements that were under review that day.

12. The representative of Norway, speaking on behalf of the EFTA States, said that, in the agricultural sector, substantially all trade between the Parties was already covered. He contended that if the Parties had a timetable to expand the coverage, the Agreements would cover all trade and would effectively go beyond the requirements of Article XXIV. With respect to permanent exceptions, he referred to his delegation's previous answer confirming that in one of the annexes of the Agreement, there were a few permanent exceptions. Regarding the question on services and investment, he recalled the timing of the Agreement, noting that the Agreement between the EFTA States and Bulgaria was a few years old and predated the WTO; moreover, there was no requirement in Article XXIV to include services and investment. Also, there was an evolutionary clause in the Agreement, and discussions between the partners were taking place, though it was too early to tell what those discussions would lead to. However, if those discussions led to amendments to the Agreements, the changes would of

course be notified to the WTO and to this Committee. A further point was that there seemed to be an underlying assumption concerning the systemic significance of having not included services and investment; if the United States' representative was suggesting that in this respect the Parties had not fulfilled their requirements, they had to reject that assumption. Regarding the information requested on the percentage of each Party's total trade covered by preferences, his delegation considered that question to be irrelevant, as it fell outside the scope of the Committee's agenda for that day.

13. The representative of the European Communities said that he agreed with all who had contributed to the discussion on agriculture. The question of agricultural coverage seemed to be an area of persistent controversy and difficulty with respect to the interpretation of Article XXIV. As the Parties to the Agreement had noted, it was a matter for consideration when the Committee turned to systemic issues. Indeed, it seemed to be *the* systemic point emerging from those Agreements. Like the EFTA delegation, he did not view questions of the inclusion of services and investment as a systemic issue *per se*. That seemed to be an area where the structure of the rights and obligations of the WTO Agreements were clear enough: GATT Article XXIV provided for preferential agreements covering trade in goods, and GATS Article V provided for preferential agreements covering trade in services. The WTO did not yet have an investment regime sufficiently developed to provide rules on preferential agreements.

14. The representative of the United States asked if any of the Parties provided bilateral preferential treatment to agricultural products under MFN tariff quotas. If so, his delegation would appreciate it if the Parties could specify them by type of preference, on a product-specific basis. He regretted that the statistics on preferential trade were, in the view of his colleagues, not relevant to the current discussion. Those statistics would seem to help place in context some of the larger trends and issues that concerned all Members.

15. The representative of Norway, speaking on behalf of the EFTA States, said he wished to qualify his response that his delegation did not find it relevant or proper to answer a question on the percentage of each Party's total trade coverage, by preference. It seemed improper to ask his delegation to provide that information in the context of the examination; however, if the question were put in the systemic context, at another time, his delegation would be willing to discuss it. With respect to the question posed on MFN tariff quotas, he referred the United States delegation to notifications which had been made to the Agricultural Committee. The name of the notification was the Notification on the Administration of Tariff Quotas, in MA-1, and Real Imports, in MA-2.

16. The representative of the United States said he had a couple of questions on margins of preference. This issue was significant for his delegation because margins of preference linked the various agreements in Europe together. He agreed that the question of how the overlapping tariff preferences would mesh or interact was not restricted to agreements concerning only European countries. How did the FTAs under review provide for margins of preference to be granted to third parties, such as the European Communities (EC)? He also wished to know how the rules of origin would work for those Agreements, as they interacted. A related question was how tariff reductions made by the various Parties to the Agreements in connection with the Uruguay Round would affect the levels of preference granted to the signatories. Would the levels of preference decline? Would an absolute percentage or margin of preference persist?

17. The representative of Norway, speaking on behalf of the EFTA States, responded that the meshing of margins of preference seemed a question suited to the systemic discussion of the Committee and was not relevant for the examination of the consistency of individual FTAs. It was clear that such meshing took place whenever WTO Members were involved in a network of preferential trade agreements. Margins of preference could be different between the various free-trade partners, although

there seemed to be a tendency toward harmonization of the preferential treatment which had been granted under various agreements, not the least for practical purposes. An explanation of the working of rules of origin could be given by experts, if necessary. However, the interlocking of the rules of origin, within various FTAs, was, again, a question which might be addressed in the systemic discussion. The Parties were doing some work to harmonize rules of origin, and that work would benefit third parties in its effects. Regarding the last set of questions, the margins of preference would naturally not diminish as a consequence of tariff reductions resulting from the Uruguay Round. Here, his delegation was referring to bound duties. The margins of preference between the applied MFN rates and the applied preferential rates could float, depending on the actual level of duties applied by the importing country, but they would float within the bound GATT rate. However, there were no provisions relating to absolute margins of preference that should be maintained under the FTAs. Similar points had been made in September during Committee examinations of other EFTA agreements.

18. The representative of the United States said that the issues were certainly important and were possibly systemic in nature. The Committee should take care not to refer too much to general issues, at the expense of specific ones. Any systemic issues related to specific agreements and the components of them still seemed relevant on this lower level, not just on the systemic level. Whenever an issue spanned several agreements and several countries, it was tempting and in some ways relevant to refer the issue to a larger body or to analysis of an issue larger than the one under discussion. It seemed the Committee needed to address the questions at the most practical and specific level, and not to have one agreement refer the issue to the analysis of another agreement, or one agreement refer the response to a different category of analysis by the Committee. If it would be helpful for discussion, the United States' delegation could provide in writing its questions on margins of preference and rules of origin, so that the signatories, who had first-hand experience with the issues, might provide information. The issues were important, and answers would be helpful and enlightening. His delegation did not wish to encumber the Committee with a long, technical discussion by experts, but at the same time it seemed unwise simply to refer the issues to a different aspect of the Committee's work. He was willing to submit the questions in writing, for further inclusion in reports or minutes, so that the Committee might pursue the issues more concretely and more substantially. On a different subject, regarding import and export restrictions, he wondered whether any of the Parties increased their MFN rates during the negotiations or prior to the entry into force of the Agreement?

19. The representative of Norway, speaking on behalf of the EFTA States, said his delegation agreed that the Committee should be careful not to reject questions by simply saying they belonged in a different context. He had made the point about the systemic discussion because his delegation was of the view that the question was not specific, but rather was of a more general nature. His delegation had responded fairly specifically to the question on margins of preference, but it nonetheless would welcome the written submission of questions by the United States. Regarding import and export restrictions, the question seemed to resemble one which had been raised concerning Poland in the EFTA's previous examination. According to his understanding, there were no import or export restrictions introduced prior or subsequent to signature of the Agreements. Bulgaria was in a special position in that respect, not having been a WTO Member at the time and thus not having been bound by MFN rates. Normally, a country acceding to the WTO would comply with rules during accession negotiations and not introduce that type of restriction before or after concluding an FTA.

20. The representative of Slovenia said that, as far as Slovenia was concerned, no MFN restrictions had been introduced either during the negotiations or afterwards.

21. The representative of Romania said that, regarding the question on quantitative restrictions and the possible modification of duty rates prior to or after conclusion of the Agreement, his Government

had not introduced any new quantitative restrictions, either during the process of negotiation or subsequent to the conclusion of the Agreement. However, his delegation was of the view that such an approach should be taken exclusively with reference to the time at which the Agreement was concluded. This seemed a systemic question for discussion in another framework. Similarly, with respect to duty levels, Romania had not modified its MFN duties, either during or after the conclusion of the Agreement.

22. The representative of the European Communities said that the question posed by the United States might be a systemic one, but in any event proved to be a difficult one. It had appropriately been asked of the EC delegation the day before, with respect to some of its agreements, and it would be helpful if the United States would make that particular question generally available so the Committee could consider it carefully. It seemed the question required two responses: one was to answer it on a factual level, involving detailed algebra and analysis of provisions, and the other was to consider it in terms of wider-ranging, systemic issues.

23. The representative of the United States said he would submit the question in a generic fashion. He then indicated that, in presenting his delegation's questions, he had intended for them to be applicable to all of the Parties to the examinations under review. He had a remaining question or two on safeguards or trade remedies. He asked if the Agreements provided that a margin of preference be maintained if and when a safeguard provision was invoked. If such a provision had ever been invoked in the past, he would appreciate it if details could be made available. His delegation also asked if there were any guidelines existing for the operation of safeguard provisions, or an outline of how they might function, similar to those provided for in Article XIX, so that Members might better understand what might occur.

24. With regard to the question on safeguards, the representative of Norway, speaking on behalf of the EFTA States, said that no margin of preference was required under the Agreements in cases where safeguard measures were applied. Article XIX was observed when applying safeguard measures involving third-country trade. No safeguard measure had in fact been applied by the current EFTA States. In cases where the EFTA partners applied safeguard measures, information would be provided by them. There was no specific information requirement concerning structural adjustment measures. He noted that structural adjustment measures were not safeguard measures, and thus a margin of preference could be maintained. Moreover, safeguard provisions in the Agreements referred to various cases in which the Parties could resort to safeguard measures. They provided that the FTA's Joint Committee should be promptly notified and should consult regularly on safeguard measures, with a view to their relaxation, substitution or abolition. The appropriate measures to be taken varied, depending upon the basis on which the safeguard measures were introduced - competition, state aid, dumping, emergency action, re-export, serious shortage or fulfilment of obligations. In the sense of GATT Article XIX and the Agreement on Safeguards, safeguard measures entailed suspending in whole or in part an obligation which was causing or threatening serious injury to domestic producers. For trade within the FTAs under review, suspending an obligation or withdrawing or modifying concessions would not be done under the safeguard provisions of the Agreements, but rather under the provisions on structural adjustment. For trade with third parties, measures would be taken in accordance with GATT Article XIX.

25. The representative of Bulgaria said that Bulgaria did apply some safeguard measures on a temporary basis, but not under GATT Article XIX. The measures were applied temporarily for new or restructured industries.

26. The representative of the EFTA Secretariat clarified references to safeguard measures and structural adjustment measures. The mechanism of structural adjustment was not a traditional safeguard measure and was used mainly for infant industries. It was a transitional measure, which allowed the economies in transition to introduce some additional protection for a period, to protect infant industries. What the structural adjustment measure then meant was that Bulgaria, Romania or Slovenia could temporarily raise the already lowered duties, within the time schedule established under the FTAs. When the Party increased those duties, the preferential duty might still be lower than the MFN duty. Although not in line with the established schedule of tariff dismantling, that kind of exceptional measure which departed from the established tariff dismantling schedules would only be temporary. It would be justified for certain sectors or certain industries.

27. The representative of Romania said his delegation concurred in the explanation of the difference between structural adjustment measures and safeguard measures, which were defined in the Agreement. From a factual standpoint, his delegation wished to indicate that, since the entry into force of the Agreement, Romania had not appealed to either of those sets of measures.

28. The representative of Korea said that the areas of anti-dumping and structural adjustment had been a concern of his delegation during reviews of other agreements, and that, here again, his delegation had questions related to those areas. In the answers which had been provided to a specific question his delegation had submitted, it was indicated that no injury was attributed to the other countries, with respect to anti-dumping and emergency actions. The response noted that Romania could exclude its FTA partners from the emergency action taken under GATT Article XIX. His delegation was pleased to learn in the answer that non-members of the FTAs could be assured that no injury would be attributed to other countries, but it was nonetheless concerned about the possibility of the partners to an FTA being excluded from the action, if there were such injury. It seemed that when necessity called for emergency action, usually the cause of the problem came from the partners, rather than third parties, because the partners had preferential tariff rates. It thus seemed odd that the FTA partners could be excluded from the emergency action when there was some injury. Clarification would be appreciated. Another point perhaps entailed a systemic issue. GATT Article XXIV:8(b) read: "A free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV and XX) are eliminated on substantially all the trade between the constituent territories in products originating in such territories." The exceptions did not specifically include anti-dumping and safeguard measures, even though agreements existing at the time of drafting had had such provisions. It therefore seemed that those measures should be eliminated within FTAs. His delegation wished to hear the Parties' views on the discrepancy between the effects of those FTA provisions and the requirements of the GATT, which said that safeguards and anti-dumping measures should be eliminated within the constituent territories.

29. The representative of Norway, speaking on behalf of the EFTA States, said that in one respect it was easy to answer the question, in the sense that there were no safeguard measures in force; thus the Parties could explain nothing more about the practice than the fact that there was no practice currently. The EFTA and the other FTA Parties would bear the concerns in mind in the operation of the Agreements. That was not to say that his delegation was at that point giving any guarantees or commitments, but it would treat comments received in a serious and constructive manner.

30. The representative of Poland said he wished to comment on the question relating to the application of safeguard measures under FTAs. He was of the view that the Committee should not enter into a detailed discussion on that specific issue until it had made a comparative analysis of the whole complexity of those issues, as regulated in various other FTAs. A premature discussion would be difficult, given

that there were not enough practical cases to be examined. His delegation preferred that the Committee raise the issue at some other point in time, when it would be able to see what the safeguard clauses in other agreements were, and when there would be more critical experience.

31. The Chairman noted that the Committee had so far considered general questions related to the three Agreements. He asked the delegations if there were any specific questions on the EFTA-Romania Free Trade Agreement.

32. The representative of Romania said that the Agreement between the EFTA States and Romania was part of the wider thrust towards European integration of Romania. His delegation considered the Agreement to be in line with the global principles, rules and disciplines of GATT 1994. As far as statistics were concerned, a question raised by the United States, he had a few figures to offer from the perspective of Romania, giving a picture of what trade with the four EFTA States meant for Romania. First, as far as Romania's exports were concerned, exports to the EFTA States represented 1.7 per cent of total Romanian exports in 1990, 2.4 per cent in 1992 and only 1 per cent in 1995. As far as Romania's imports from the EFTA States were concerned, the EFTA's weight in Romania's total imports was 2 per cent in 1990, 2.1 per cent in 1992 and 2.2 per cent in 1995. With regard to coverage, his delegation considered the Agreement to be in line with GATT provisions stating that substantially all trade should be covered. The majority of imports and exports consisted of industrial goods. Of Romania's exports in 1992, 96.2 per cent were industrial goods, the remainder being agricultural goods; in 1994, the respective figures were 94 per cent and 6 per cent; and for 1995, the figures were 95.1 per cent and 4.9 per cent. The proportions for imports were more or less the same. In 1992, industrial goods amounted to 96.3 per cent of the total Romanian imports from the EFTA States, and agricultural goods were 3.7 per cent. In 1994, the respective figures were 93 per cent and 7 per cent, and in 1995, 92.1 per cent and 7.9 per cent. For the other specific questions that had been posed, he had found the answers provided by the representative of the EFTA States to be very comprehensive.

33. The representative of Colombia asked the Parties to the EFTA-Romania Agreement whether there had been any concrete developments with respect to Article 30 of the Agreement, or whether what that Article stated was a declaration of principle.

34. The representative of Norway, speaking on behalf of the EFTA States, said that the question concerned services and investment, and that, similar to the answer he had given in the context of Bulgaria, the matters were being explored in a general way to see whether there was scope for further development of the Agreements. No concrete result was yet on the table. When and if such a result were achieved, the Parties would notify the progress to the WTO.

35. The Chairman turned to the EFTA-Slovenia Agreement, asking if there were any specific questions.

36. The representative of the United States said his question was directed toward Slovenia but also related to the other Agreements. He noted that Article 24 of the EFTA-Slovenia Agreement discussed arbitration procedures. Why had this Article been included in the Agreement with Slovenia, but not in the other Agreements?

37. The representative of Norway, speaking on behalf of the EFTA States, replied that the EFTA-Slovenia Agreement was a newer agreement, and it had thus been possible to introduce into it elements such as arbitration, which had not been ripe at the drafting of the others. Exploratory talks were underway to see if those Agreements could be updated with a clause on arbitration and possibly other clauses.

38. The representative of the United States said he had two questions regarding state aid and state monopolies, which he wished to direct to the Parties. His delegation was of the view that state aid impacted all trading partners, not just the parties to an agreement. He asked the Parties to describe any rules they were developing on interpretation or implementation of state aid, and to indicate how far they had progressed in developing those rules. Regarding state monopolies, he said his delegation would appreciate it if the Parties would list entities that would qualify as state monopolies and discuss how the arrangement might be covered by Article XVII of GATT 1994.

39. The representative of Norway, speaking on behalf of the EFTA States, said that, as far as state aid was concerned, there were articles in all three of the Agreements. They were not wide-ranging provisions, but basically provided for non-discrimination in commercial practices. In both the EFTA-Bulgaria and the EFTA-Romania Agreements, there was an element of asymmetry, which was not reproduced in the more modern EFTA-Slovenia Agreement. There were also annexes providing criteria for transparency concerning state aid. In the view of the EFTA delegation, those requirements for transparency were at least as stringent as the WTO rules. As far as monopolies were concerned, there was no list of utilities, but those monopolies had been or were in the process of being notified to the relevant WTO body, in accordance with the Understanding on the Interpretation of Article XVII.

40. The representative of Romania confirmed that, in the case of Romania, there had been notification to the relevant bodies of the WTO concerning state trading, in keeping with the provisions of Article XVII and with the Understanding on the Interpretation of Article XVII reached in the Uruguay Round. As far as state aid was concerned, notifications had recently been made on subsidies, which his delegation invoked in line with the rights provided to transition countries in Article 29.3 of the Agreement on Subsidies and Countervailing Measures.

41. The Chairman said that in light of the day's discussion, another meeting would be necessary to complete the examination.

42. The Committee took note of all the comments made.