

FREE TRADE AGREEMENT BETWEEN TURKEY AND LATVIA

Communication by the Parties

I. BACKGROUND INFORMATION ON THE AGREEMENT

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

The Parties to the Agreement are the Republic of Turkey and the Republic of Latvia. The Agreement applies in respect of the territory to which the customs laws of Turkey and Latvia are applicable respectively.

The Free Trade Area Agreement between Turkey and Latvia was signed on 16 June 1998 in Riga and entered into force on 1 July 2000 after the completion of the legal internal ratification procedures of the two Parties.

2. Type of Agreement

The Agreement establishes a free trade area in conformity with the definition set out in Article XXIV:8 (b) of GATT 1994.

3. Scope

The free-trade area established by this Agreement provides the framework for future trade relations between Turkey and Latvia.

The Free Trade Area Agreement covers all trade in industrial products (HS Chapter 25-97) and a number of agricultural, processed agricultural and fishery products. In accordance with the evolutionary clause contained in the Agreement, the Parties agreed to further develop the relations established by this Agreement, by extending them to the fields not covered thereby.

With the entry into force of the Agreement, customs duties and other restrictive regulations of commerce on industrial and certain agricultural products were abolished, thus meeting the requirement of Article XXIV in respect of the principle of "covering substantially all trade".

In order to ensure the proper functioning of the free-trade area, the Agreement contains provisions, *inter alia*, on public aid, State monopolies, competition, public procurement and protection of intellectual, industrial and commercial property rights.

4. Trade Data

See Annex.

II. TRADE PROVISIONS

1. Import restrictions

All customs duties and charges having equivalent effect on imports of industrial products were abolished on 1 July 2000.

The Parties will not introduce new quantitative restrictions and measures having equivalent effect on imports.

Turkey and Latvia granted each other preferential market access for a number of agricultural, processed agricultural and certain fishery products under tariff quotas.

2. Export restrictions

Under Article 6, prohibition of new customs duty or charges having equivalent effect on exports between the Parties is envisaged. Moreover all existing duties and charges having equivalent effect on exports applied to industrial products are abolished with the entry into force of the Agreement.

The Parties will not introduce new quantitative restrictions and measures having equivalent effect on exports.

3. Rules of origin

The rules of origin on trade between Turkey and Latvia, defined in Protocol C of the Agreement, are based on the sufficient working or processing criteria. In general, origin is conferred when:

- the good is wholly obtained or produced in the territory of a Party;
- each of the non-originating materials used in the production of the good undergoes an applicable change in tariff classification set out in the specific rule for that good, and the good satisfies any other applicable requirement set out in that rule, as a result of production occurring entirely in the territory of one or both of the Parties;
- the good is produced entirely in the territory of one or both of the Parties exclusively from originating materials; or,
- other particular circumstances as set out in Protocol C.

The rules of origin enables extended cumulation of products between Turkey, Latvia, EU countries, EFTA countries and Central and Eastern European Countries when the necessary procedures have been completed.

5. Safeguards

The Agreement permits the application of safeguard measures in the case of dumping (Article 17), emergency action on imports of particular products (Article 18), measures relating structural adjustment (Article 16), re-export and serious shortage (Article 19), provisions concerning rules of competition and public aid (Article 25), and fulfilment of obligations (Article 32) between the Parties.

In the case of balance of payments difficulties, Article 26 of the Agreement gives to the Parties the right of adopting restrictive measures in accordance with the conditions laid down within the framework of GATT and with the Article VIII of Articles of the Agreement of International Monetary Fund.

Article 12 of the Agreement prohibits the Parties from applying their regulations in sanitary and phytosanitary matters as an arbitrary or unjustifiable discrimination between the Parties or a disguised restriction in the trade between them.

The procedure for the application of these measures is laid down in Article 21 of the Agreement.

6. Anti-Dumping and Countervailing Measures

Article 17 of the Agreement states that if a Party finds that dumping is taking place in trade with the other Party within the meaning of Article VI of the GATT, it may take appropriate measures against this practice in accordance with Article VI of the GATT and the WTO Agreement on Implementation of Article VI of the GATT 1994 and with its relevant internal legislation, under the conditions and in accordance with the procedures laid down in Article 21. Through this Article the conformity with GATT 1994 rules has been provided.

7. Subsidies and State aid

The Agreement evaluates “public aid” issue in the context of distortion of competition.

Against the improper practices of a Party, Article 25 of the Agreement gives the right to the other Party to take appropriate measures under the conditions and in accordance with the provisions of Article 21 of the Agreement. Such appropriate measures may only be adopted in conformity with the procedures and under the conditions laid down by the WTO/GATT 1994.

The Agreement also sets up appropriate means to ensure transparency in the area of public aid.

8. Sector-Specific provisions

(a) Agriculture

Under the Agreement, the Parties has declared their readiness to foster, in so far as their agricultural policies allow, the harmonious development of trade in agricultural products and to discuss this issue periodically in the Joint Committee. In this framework, the Parties granted each other the concessions specified in Protocol B to the Agreement to facilitate trade in agricultural and fishery products.

(b) Services

Turkey and Latvia agreed to seek widening the scope of the Agreement to cover the right of establishment of firms and the liberalization of services after the entry into force of the Agreement.

9. Other

(a) Cooperation in Customs Administration

A framework was established for cooperation in customs administration with Article 22 and Protocol C on the definition of the concept of “originating products” and methods of administrative cooperation between the Parties.

(b) State Monopolies

Under Article 20 of the Agreement, the Parties agreed to adjust all state monopolies in a manner of no discrimination regarding the conditions under which goods are procured and marketed between the nationals of the Parties.

(c) Internal Taxation

Any measure or practice of an internal fiscal nature establishing discrimination between the products originating in the Parties has been prohibited with Article 14. This Article also prohibits repayment of internal taxes in excess of the amount of indirect or direct taxes on exports.

(d) Protection of Intellectual Industrial and Commercial Property Rights

The protection of intellectual industrial and commercial property is addressed in Article 27 and Annex IV of the Agreement. The Parties shall ensure adequate and effective protection of intellectual industrial and commercial property rights in accordance with the international standards.

(e) Payments

According to the Article 24 of the Agreement, Parties undertake to authorize, in freely convertible currency, in accordance to the provisions of Article VIII of the Agreement of IMF any payments on the current account of balance of payments to the extent that the transactions underlying the payments concern movements of goods.

(f) Public Procurement

The Parties consider the opening up of the award of public contracts on the basis of non-discrimination and reciprocity as an objective of the Agreement and they will grant each others companies access to contract award procedures a treatment no less favorable than that accorded to companies of any other country.

III. GENERAL PROVISIONS OF THE AGREEMENT

1. Exceptions and Reservations

All customs duties and charges having equivalent effect on imports applied to industrial products, are abolished with the entry into force of the Agreement. This, however, will not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants and environment; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of intellectual property or the rules relating to gold or silver or the conservation of exhaustible natural resources.

The Agreement allows the Parties to take measures, with concerns of security, in the cases specified in Article 31.

2. Accession

There is no provision in the Agreement allowing other countries to accede to the free trade area .

3. Dispute Settlement Procedures

A Joint Committee which is responsible for the administration of the Agreement and its proper implementation has the authority to take decisions on issues mentioned in various Articles of the Agreement. In the procedure for application of safeguard measures relating to “Dumping”, “Emergency Action on Imports of Particular Products” and “Re-export and Serious Shortage” the Joint Committee has also commissioned actively as a competent authority in Article 21 of the Agreement.

4. Relation with Other Trade Agreements

Regarding “basic duties” defined in Article 2, the Agreement envisages that any tariff reduction applied on erga omnes basis, in particular, reductions resulting from the tariff agreement concluded as a result of the GATT Uruguay Round replaces the former basic duty.

The Agreement stipulates that rights and obligations relating to certain matters namely anti-dumping measures, balance of payment difficulties and state aid shall be governed by the relevant WTO Agreements.

The Agreement stipulates that measures concerning current payments connected with the movement of goods and rules on balance of payment difficulties shall be in conformity with the Articles of the Agreement of International Monetary Fund.

5. Institutional Framework

The Agreement under Article 29 establishes a Joint Committee which is responsible for administration of the Agreement and shall meet once a year to monitor the implementation of it.

ANNEX

Imports of Turkey from Latvia, 1997-1999,
by different duty levels according to the Agreement

Duty Rate	1997					
	Agricultural products		Industrial products		Total imports	
	(\$)	%	(\$)	%	(\$)	%
0	0	0	1,529,992	100	1,529,992	94,1
Less than MFN	0	0	0	0	0	0
MFN	95,455	100	0	0	95 455	5,9
Total	95,455	100	1,529,992	100	1,625,447	100

Duty Rate	1998					
	Agricultural products		Industrial products		Total imports	
	(000 \$)	%	(000 \$)	%	(000 \$)	%
0	0	0	2,616,103	100	2,616,103	99,9
Less than MFN	0	0	0	0	0	0
MFN	1,890	100	0	0	1 890	0,07
Total	1,890	100	2,616,103	100	2,617,993	100

Duty Rate	1999					
	Agricultural products		Industrial products		Total imports	
	(000 \$)	%	(000 \$)	%	(000 \$)	%
0	0	0	1,659,037	100	1,659,037	99,9
Less than MFN	0	0	0	0	0	0
MFN	202	100	0	0	202	0,01
Total	202	100	1,659,037	100	1,659,239	100

Imports of Turkey from Latvia
(US\$)

HS CHAPTER	1996	1997	1998	1999
6	0	0	0	202
27	494	0	45,906	0
29	108,706	7,302	0	910
30	0	17,353	0	0
32	4,796	0	13,702	19,673
34	0	0	6	0
35	0	95,455	5,103	0
38	0	12,732	1,890	0
39	77	2,911	196,972	3,564
40	574	0	468	2,400
41	229,361	0	0	20,502
42	0	1,050	17,574	0
44	2,609,807	1,016,615	1,491,934	325,220

HS CHAPTER	1996	1997	1998	1999
48	3,257	339	0	122,408
49	0	0	215	0
51	0	2,656	0	75,809
52	0	125,239	27,006	5,480
53	0	1,250	298,121	0
54	91,411	17,422	265,476	414,944
55	364	0	0	0
56	0	12,042	21,775	0
58	0	4	0	0
60	0	2,327	102	0
61	0	12,406	0	0
62	31,178	5,459	5,402	100
63	0	0	124	0
68	0	0	16,182	0
69	0	0	0	1,325
72	121,940	27,633	9,661	3,834
73	35,574	66,641	0	5,771
75	1,860	12,802	0	0
76	0	0	0	5,616
82	0	8,812	166	0
83	0	0	60,699	480
84	3,625	42,874	54,949	553,934
85	0	91,084	57,167	10,480
86	0	0	0	0
87	183,201	3,590	0	34,833
90	0	39,449	26,241	0
94	0	0	1,152	51,754
TOTAL	3,426,225	1,625,447	2,617,993	1,659,239

Imports from Turkey into Latvia
(US\$)

HS Chapter	1996	1997	1998	1999	2000
06	0	0	0	329	0
07	149	803	0	665,609	11,103
08	960,000	744,430	1,127,605	789,294	883,596
09	3,558	9,230	15,329	15,739	21,269
12	7,486	71,343	0	41,712	19,017
15	0	22,645	11,462	0	74,543
17	87,550	138,915	138,933	65,885	89,559
18	12,069	21,787	36,255	4,488	3,464
19	0	7,937	72,330	53,504	42,976
20	10,981	1,275,388	342,110	1,482,843	1,577,567

HS Chapter	1996	1997	1998	1999	2000
21	3,368	0	0	37,042	0
24	0	43,907	11,504	39,632	38,869
25	5,094	12,513	18,743	0	0
28	0	0	63,688	304,261	600,884
29	83	0	0	0	0
32	8,256	1,144	0	1,263	1,522
33	8,186	18,730	4,643	8,690	23,796
34	60,404	172,974	122,140	337,902	401,846
35	20,334	0	223	485	1,079
36	0	0	24	0	0
37	0	0	2,678	0	0
38	141	0	4,475	0	0
39	48,386	97,043	80,261	38,972	50,042
40	6,662	1,666	3,587	16,077	29,377
41	0	0	1,801	0	1,502
42	24,319	182,274	279,623	291,122	221,061
43	109	579	1,383	113,219	50,968
44	0	610	321	5,381	28
47	0	201	0	0	0
48	29,911	155,438	30,502	8,429	83,172
49	418	178	1,108	4,574	4,576
50	252	1,094		0	0
51	957	444	388	0	0
52	4,355	1,967	1,999	5,204	14,690
53	0	0	0	0	2,172
54	391	10,202	23,116	1,357	77,554
55	3,518	12,172	13,536	352,827	90,382
56	0	203	389	2,752	147
57	0	0	106	707	0
58	2,130	17,490	32,401	45,645	199,303
59	17,278	14,624	186	0	21,796
60	85	456	1,321	3,512	11,121
61	31,569	43,357	59,954	132,010	113,351
62	93,610	208,738	253,370	339,705	327,099
63	7,725	2,781	1,393	21,230	9,740
64	23,514	160,874	209,100	163,572	70,986
65	354	553	465	2,335	597
68	14,917	0	0	0	443
69	0	2,282	10,984	714	22,974
70	2,706	7,024	9,050	71,350	149,333
71	53,715	117,033	221,732	607,453	627,542
72	1,334	0	36,658	62,242	85,595
73	44,855	126,959	166,477	72,857	238,201
74	0	0	1,420	1,468	4,608

HS Chapter	1996	1997	1998	1999	2000
75	0	0	0	0	0
76	0	1,973	702	1,590	2,314
82	10,183	485	4,685	1,272	6,542
83	89,625	111,353	115,397	146,127	157,862
84	36,019	145,854	525,196	181,193	789,626
85	154,982	448,905	3,252,924	2,388,541	2,189,016
86	0	0	1,606	0	0
87	489,594	6659,278	377,227	2,803,390	3,199,486
90	13,223	3,868	8,258	8,354	21,686
91	505	0	0	454	395
94	4,211	14,298	25,781	35,053	19,603
95	4,186	1,535	14,914	354	0
96	21,658	13,808	19,217	28,162	25,773
97	0	0	67	0	0
Total	2,424,915	11,109,345	7,760,747	11,807,882	12,711,753