

**FREE TRADE AGREEMENT BETWEEN TURKEY AND
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

Communication by Turkey

Revision

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

The Free Trade Area Agreement between Turkey and Macedonia was signed on 7 September 1999 in Ankara and entered into force on 1 September 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 WTO/GATT 1994.

3. Scope

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

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 Parties agreed to further develop the relation established by this Agreement by extending them to 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 or decreased, 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 State-aid, State monopolies, competition, public procurement and protection of intellectual industrial and commercial property.

4. Trade Data

See Annex.

II. TRADE PROVISIONS

1. Import restrictions

All customs duties and charges having equivalent effect on imports of industrial products except for those classified as sensitive, were abolished by the entry into force of the Agreement. As for the sensitive products, customs duties and charges having equivalent effect will be gradually eliminated by the year 2008. There are also annual ceilings fixed for the imports of several industrial Macedonian originating products into Turkey.

The Parties will not introduce new quantitative restrictions and measures having equivalent effect on imports and agreed upon the elimination of all quantitative restrictions on imports and measures having equivalent effect upon the entry into force of the Agreement with the exception of textile products which are covered by the Memorandum of Understanding between the Government of Macedonia and the Government of Turkey signed on 27 October 1997.

Turkey and Macedonia granted each other preferential market access for a number of agricultural products.

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.

3. Rules of origin

The rules of origin on trade between Turkey and Macedonia, defined in Protocol 2 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 2.

4. Standards

4.1 Technical barriers to trade

The rights and obligations of the Parties relating to standards or technical regulations and related measures are governed by the WTO Agreement on Technical Barriers to Trade.

Each Party, upon the request of the other Party, shall provide information on particular individual cases of standards, technical regulations and related issues.

With the aim to reduce technical barriers to trade, the Parties may conclude an Agreement for mutual recognition in the field of conformity assessment, in the spirit of the recommendations of the WTO Agreement on Technical Barriers to Trade.

4.2 Sanitary and phytosanitary measures

The Parties shall apply their regulations in veterinary, plant health and health matters in a non-discriminatory fashion and shall not introduce any new measures that have effect of unduly obstructing trade in accordance with the provisions of the GATT 1994 and the other relevant WTO Agreements.

5. Safeguards

Article 18 provides for the application of general safeguard measures by a Party where any product is imported in such quantities and under such conditions as to cause or threaten to cause:

- serious injury to domestic producers of like or directly competitive products in the territory of the importing Party; or
- serious disturbance in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region.

In case of balance of payments difficulties, Article 25 of the Agreement gives the Parties the right of adopting restrictive measures in accordance with the conditions laid down within the framework of GATT 1994 and with the relevant Articles of Agreement of the International Monetary Fund.

Article 21 of the Agreement establishes the procedures for the application of safeguard measures between the Parties in case of dumping (Article 17), emergency action on imports of particular products (Article 18), re-export and serious shortage (Article 19).

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 WTO/GATT, it may take appropriate measures against this practice in accordance with Article VI of the WTO/GATT 1994 and with the rules established by agreements, under the conditions and in accordance with the procedures laid down in Article 21. Through this Article the conformity with WTO/GATT 1994 rules has been provided.

7. Subsidies and State-aid

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

According to Article 24 of the Agreement, the Parties will ensure transparency in the area of State-aid.

Against the improper practices of a Party, Article 24 of the Agreement establishes the right of the other Party to take appropriate measures.

8. Sector-specific provisions

8.1 Agriculture

The conditions of concessions in trade on agricultural products and agricultural policies between the Parties are laid down in Chapter II of the Agreement.

8.2 Services

Turkey and Macedonia agreed to cooperate with the aim of achieving gradual liberalization and mutual opening of markets for investments and trade in services, taking into account the relevant WTO provisions.

9. Other

9.1 Cooperation in Customs Administration

A framework was established for cooperation in customs administration with Article 22 and Protocol 2 on the definition of the concept of “originating products” and methods of administrative cooperation between the Parties.

9.2 State Monopolies

Under Article 20 of the Agreement, the Parties agreed to adjust progressively any state monopoly of a commercial character so as to ensure no discrimination regarding the conditions under which goods are procured and marketed exists between the nationals of the Parties.

9.3 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 taxation in excess of the amount of indirect or direct taxes on exports.

9.4 Protection of Intellectual Industrial and Commercial Property

The protection of intellectual industrial and commercial property is addressed in Article 26. In this Article, the Parties envisage the protection of intellectual, industrial and commercial property rights in line with the highest international standards.

9.5 Payments

According to the Article 23, any settlement and payment arising from trade of goods, services and rights to non material goods between the Parties shall be made in convertible currency, in accordance with the respective legislation of the Parties.

9.6 Public Procurement

The Parties consider the liberalization of their respective public procurement markets as an objective of this Agreement. The Parties also agreed upon granting each other’s 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, except for those classified as sensitive, are abolished with the entry into force of the Agreement. As for the sensitive products, customs duties and charges having equivalent effect will be gradually eliminated by the year 2008. 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; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of intellectual industrial and commercial property.

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 resulting from the tariff agreement concluded as a result of the WTO/GATT Uruguay Round or accession of Macedonia to the WTO and Turkey-EC Customs Union or reductions applied by Macedonia to the products originating in the EC 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 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 Macedonia, 1997-2000,
by different duty levels according to the Agreement

Duty Rate	1997					
	Agricultural products		Industrial products		Total imports	
	(000 \$)	%	(000 \$)	%	(000 \$)	%
0	12	13	30,126	100	30,138	99
Less than MFN	0	0	0	0	0	0
MFN	78	87	0	0	78	1
Total	90	100	30,126	100	30,216	100

Duty Rate	1998					
	Agricultural products		Industrial products		Total imports	
	(000 \$)	%	(000 \$)	%	(000 \$)	%
0	2	1	12,705	97	12,707	96
Less than MFN	0	0	0	0	0	0
MFN	137	99	393	3	530	4
Total	139	100	13,098	100	13,237	100

Duty Rate	1999					
	Agricultural products		Industrial products		Total imports	
	(000 \$)	%	(000 \$)	%	(000 \$)	%
0	8	2	7,408	100	7,416	94
Less than MFN	11	2	0	0	11	0
MFN	451	96	0	0	451	6
Total	470	100	7,408	100	7,878	100

Duty Rate	2000					
	Agricultural products		Industrial products		Total imports	
	(000 \$)	%	(000 \$)	%	(000 \$)	%
0	0	0	10,042	100	10,042	96
Less than MFN	0	0	0	0	0	0
MFN	428	100	0	0	428	4
Total	428	100	10,042	100	10,470	100

Imports of Turkey from Macedonia, 1996-2000
(US\$)

HS CHAPTER	1996	1997	1998	1999	2000
3	0	37,486	0	0	9,454
5	47,171	0	0	0	0
7	0	15,954	0	18,865	0
8	19,644	0	2,015	0	24,920
9	0	0	133,227	433,720	327,691
10	6,726,365	0	0	0	0

HS CHAPTER	1996	1997	1998	1999	2000
12	104,821	24,858	0	0	0
14	0	0	3,529	9,431	0
15	12,840	0	0	0	0
19	0	0	0	0	2,519
20	5,330	0	0	0	0
21	0	12,140	0	0	55,986
22	0	0	0	7,511	7,636
25	5,219	8,679	795	0	91,678
26	88,014	144,686	112,305	68,840	49,273
27	1,601	0	0	2,200	0
28	25,024	41,689	0	0	113,253
29	1,175,359	1,318,662	1,077,637	844,552	380,869
30	6	0	0	0	0
31	0	1,488,307	0	140,000	0
32	42,359	53,282	0	21,924	27,327
33	7,386	3,383	0	18,032	8,540
34	2,876	0	3,981	16,585	14,456
38	3,276	5,938	9,338	3,507	3,507
39	798,147	1,004,449	46,309	34,921	23,722
40	148,080	216,341	5,737	0	2,411
41	5,640,947	7,967,763	3,804,520	759,937	3,900,089
42	0	0	0	1,934	3,141
43	0	0	14,216	0	0
44	78,271	180,847	231,152	128,978	148,831
48	185,869	32,650	1,745	75,223	67,202
49	569	0	595	295	483
51	89,248	216,521	94,517	34,388	14,281
52	48,796	103,214	4,854	25,987	185,011
53	0	0	0	57,022	0
54	869,195	205,785	51,246	0	56,743
55	1,925,166	5,294,162	368,814	173,604	231,260
56	0	7,545	0	0	0
57	4,519	0	0	0	0
60	411,673	130,007	19,271	82,574	0
61	0	0	646,429	54,542	56,917
62	8,102	0	0	14,802	27,110
63	0	1,540	369	0	10,262
64	0	79,124	43,615	10,572	41,561
65	0	106	196	0	20
68	509	36,326	57,691	82,062	142,125
69	0	0	30,026	0	51,144
70	1,584,452	1,202,500	220,054	195,436	88,369
72	2,497,013	1,836,823	1,885,801	1,813,112	904,867
73	206,252	566,044	508,542	18,070	71,862

HS CHAPTER	1996	1997	1998	1999	2000
74	3,264,033	1,759,067	523,834	482,553	429,076
76	364,280	294,617	56,794	150,954	129,474
78	718,183	0	114,015	393,819	101,674
79	1,635,257	1,132,023	1,866,509	676,193	1,171,395
81	86,451	0	0	0	0
82	0	0	25,624	0	0
83	0	0	8,334	22,459	768
84	283,069	3,125,896	95,283	246,322	277,588
85	2,144,823	611,667	655,533	61,177	770,065
86	110,778	183,747	29,008	390,150	126,500
87	243,263	519,773	410,419	201,785	287,170
90	23,218	18,066	13,133	0	3,259
94	13,524	13,563	42,701	91,747	28,492
95	0	0	0	12,000	0
96	0	25,978	0	0	0
97	62,663	295,730	17,071	0	0
TOTAL	31,713,641	30,216,938	13,236,784	7,877,785	10,469,981

Exports of Turkey to Macedonia, 2000,
by different duty levels according to the Agreement

Duty Rate	2000					
	Agricultural products		Industrial products		Total imports	
	(000 \$)	%	(000 \$)	%	(000 \$)	%
0	3,641	21.7	1,824	2	5,465	5
Less than MFN	56	0.3	89,087	98	89,143	82.7
MFN	13,157	78	0	0	13,157	12.3
Total	16,854	100	90,911	100	107,765	100

Exports of Turkey to Macedonia, 1997-2000
(US\$)

HS CHAPTER	1997	1998	1999	2000
1	0	0	0	5,642
2	70,278	18,500	0	3,532
3	0	0	0	19,489
4	9,161	0	71,721	22,538
5	27,059	2,811	1,490	5,087
6	0	0	855	1,125
7	1,381,789	487,238	659,477	1,868,475
8	1,397,081	2,198,807	3,543,560	3,339,112
9	2,121	29,598	99,981	37,329
10	6,841	0	10,589	6,296
11	19,487	8,780	532,057	63,205

HS CHAPTER	1997	1998	1999	2000
12	11,700	29,300	6,400	15
13	4,580	3,988	0	1,019
14	0	781	0	59
15	887,242	862,936	1,138,941	221,420
16	0	46,440	52,455	27,189
17	1,696,303	781,275	1,961,421	2,864,039
18	694,497	806,456	1,440,491	1,793,209
19	3,871,287	2,970,919	2,672,995	3,113,566
20	436,821	1,361,199	430,307	967,769
21	1,196,505	1,079,995	568,202	2,156,931
22	50,056	0	383,727	306,619
23	18,845	0	93	
24	0	0	428	14,500
25	191,945	42,663	37,180	26,407
26	27	0	0	113
27	460,436	341,411	1,290,052	932,115
28	235,296	212,749	267,680	183,294
29	244,784	165,063	129,056	212,038
30	172,166	16,630	26,063	10,913
31	293	0	3,246	311
32	330,020	232,410	278,078	265,186
33	129,385	192,198	397,806	483,571
34	1,386,156	1,222,397	1,567,754	2,465,576
35	75,761	69,623	43,315	154,970
36	194	412	3,998	54,257
37	28,723	3,787	10,244	27,382
38	295,894	400,437	757,842	683,187
39	4,415,149	2,976,213	5,088,421	7,143,229
40	252,526	275,414	429,147	233,995
41	163,535	33,227	34,976	33,073
42	27,185	53,588	106,661	162,648
43	0	0	322	
44	546,748	712,254	2,021,417	2,915,322
45	35	0	139	2,505
46	1,320	18,790	7,730	6,286
47	223	226	0	4
48	1,173,962	602,171	1,860,126	3,092,868
49	9,710	8,437	46,240	63,885
50	1,853	10,869	632	
51	1,346,066	1,402,585	1,286,119	784,167
52	18,729,491	17,456,689	12,307,452	7,914,143
53	15,581	184,054	256,928	385,039
54	577,900	868,595	1,755,368	2,112,667
55	579,637	844,135	1,057,633	1,568,497

HS CHAPTER	1997	1998	1999	2000
56	117,751	97,512	223,556	215,781
57	701,450	794,147	2,180,661	3,469,419
58	1,841,674	1,198,144	991,880	1,069,541
59	134,324	51,688	76,269	88,680
60	1,930,347	3,148,198	5,686,280	6,938,618
61	884,359	526,584	204,241	213,409
62	252,117	135,234	564,419	311,591
63	2,595,775	2,387,141	4,162,498	3,290,627
64	846,015	1,147,127	1,331,805	1,388,444
65	742	265	985	33,699
66	9,856	14,788	32,315	16,971
67	169	0	1,894	10,804
68	92,296	36,365	567,193	109,399
69	527,290	615,439	1,017,850	1,399,725
70	1,645,763	1,661,814	2,989,081	2,347,022
71	41,063	2,086	294,550	108,632
72	315,719	557,569	736,905	707,892
73	973,697	1,099,069	5,136,336	3,799,190
74	65,891	88,266	182,159	105,933
75	17	15,056	5,931	3,916
76	4,976,352	4,887,467	3,473,742	5,329,004
78	4,906	0	389	
79	2,984	0	935	5,960
80	27	0	0	298
81	1,052	4,605	256	
82	41,148	25,298	289,639	92,907
83	340,738	259,369	310,940	456,449
84	4,367,919	3,177,675	4,144,938	6,494,264
85	8,903,561	4,572,780	8,507,974	10,029,628
86	1,533	0	328,377	160
87	940,656	1,351,543	1,005,268	2,232,132
88	34,768	0	1,800	161
89	714	0	934	995
90	83,188	96,624	165,217	80,209
91	9,006	5,484	13,600	23,336
92	68	105	5,822	7,418
93	1,367	546	0	
94	1,215,999	804,428	3,881,830	7,514,143
95	238,178	312,619	373,286	631,746
96	78,335	79,192	131,080	140,751
97	0	0	0	340,453
TOTAL	77,392,468	68,190,277	93,669,650	107,765,120

Imports of Macedonia from Turkey, 1996-1999
(US\$)

HS CHAPTER	1996	1997	1998	1999
2	20,770	70,278	18,500	0
3	2,933	0	0	0
4	110,960	9,161	0	71,721
5	20,462	27,059	2,811	1,490
6	6,245	0	0	855
7	845,754	1,381,789	487,238	659,477
8	2,122,838	1,397,081	2,198,807	3,543,560
9	20,752	2,121	29,598	99,981
10	33,113	6,841	0	10,589
11	1,340,608	19,487	8,780	532,057
12	29,036	11,700	29,300	6,400
13	954	4,580	3,988	0
14	850	0	781	0
15	1,195,452	887,242	862,936	1,138,941
16	32,096	0	46,440	52,455
17	1,272,665	1,696,303	781,275	1,961,421
18	700,288	694,497	806,456	1,440,491
19	4,209,044	3,871,287	2,970,919	2,672,995
20	844,474	436,821	1,361,199	430,307
21	1,015,708	1,196,505	1,079,995	568,202
22	83,843	50,056	0	383,727
23	25,275	18,845	0	93
24	0	0	0	428
25	113,605	191,945	42,663	37,180
26	0	27	0	0
27	1,355,935	460,436	341,411	1,290,052
28	394,224	235,296	212,749	267,680
29	390,925	244,784	165,063	129,056
30	15,704	172,166	16,630	26,063
31	89	293	0	3,246
32	283,196	330,020	232,410	278,078
33	163,214	129,385	192,198	397,806
34	2,049,190	1,386,156	1,222,397	1,567,754
35	31,271	75,761	69,623	43,315
36	58	194	412	3,998
37	403	28,723	3,787	10,244
38	232,322	295,894	400,437	757,842
39	5,548,292	4,415,149	2,976,213	5,088,421
40	204,456	252,526	275,414	429,147
41	157,129	163,535	33,227	34,976
42	84,806	27,185	53,588	106,661

HS CHAPTER	1996	1997	1998	1999
43	60,876	0	0	322
44	1,259,175	546,748	712,254	2,021,417
45	0	35	0	139
46	12,800	1,320	18,790	7,730
47	0	223	226	0
48	2,183,067	1,173,962	602,171	1,860,126
49	1,965	9,710	8,437	46,240
50	6,261	1,853	10,869	632
51	936,087	1,346,066	1,402,585	1,286,119
52	13,354,774	18,729,491	17,456,689	12,307,452
53	22,665	15,581	184,054	256,928
54	681,378	577,900	868,595	1,755,368
55	444,772	579,637	844,135	1,057,633
56	90,041	117,751	97,512	223,556
57	556,560	701,450	794,147	2,180,661
58	1,156,402	1,841,674	1,198,144	991,880
59	298,293	134,324	51,688	76,269
60	1,301,086	1,930,347	3,148,198	5,686,280
61	964,405	884,359	526,584	204,241
62	428,996	252,117	135,234	564,419
63	1,456,494	2,595,775	2,387,141	4,162,498
64	1,095,941	846,015	1,147,127	1,331,805
65	48,703	742	265	985
66	2,600	9,856	14,788	32,315
67	0	169	0	1,894
68	96,662	92,296	36,365	567,193
69	970,824	527,290	615,439	1,017,850
70	1,338,494	1,645,763	1,661,814	2,989,081
71	7,760	41,063	2,086	294,550
72	271,909	315,719	557,569	736,905
73	842,796	973,697	1,099,069	5,136,336
74	54,015	65,891	88,266	182,159
75	4,127	17	15,056	5,931
76	2,607,770	4,976,352	4,887,467	3,473,742
78	742	4,906	0	389
79	0	2,984	0	935
80	0	27	0	0
81	3,049	1,052	4,605	256
82	48,668	41,148	25,298	289,639
83	399,477	340,738	259,369	310,940
84	4,231,896	4,367,919	3,177,675	4,144,938
85	7,218,570	8,903,561	4,572,780	8,507,974
86	0	1,533	0	328,377
87	2,165,853	940,656	1,351,543	1,005,268

HS CHAPTER	1996	1997	1998	1999
88	8,389	34,768	0	1,800
89	0	714	0	934
90	174,136	83,188	96,624	165,217
91	19,252	9,006	5,484	13,600
92	48	68	105	5,822
93	2,852	1,367	546	0
94	1,435,386	1,215,999	804,428	3,881,830
95	850,525	238,178	312,619	373,286
96	110,932	78,335	79,192	131,080
97	64,407	0	0	0
TOTAL	74,250,819	77,392,468	68,190,277	93,669,650
